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Common ground on Rhodesia emerges

BY DAVID PALMER AND MARTIN DICKSON IN LUSAKA

PRESIDENT Julius Nyerere of Tanzania yesterday opened the Commonwealth Conference debate on Rhodesia with a remarkably conciliatory speech which raised hopes that a common approach to the problem might emerge from the Lusaka summit.

The Tanzanian leaders' remarks, followed by a similarly conciliatory speech by Mrs. Margaret Thatcher, the British Prime Minister, eased much of the pre-conference tension over Rhodesia and set the scene for a weekend of informal talks by all heads of Government. But for all the expression of "useful progress," there is considerable African pressure on Britain to give more specific *details of its plans for Rhodesia*. There is also considerable scepticism about whether they will be acceptable to all parties to the dispute.

President Nyerere, delivering *the clearest and most positive* speech on Rhodesia by a Front Line leader since the internal settlement elections, hoped the conference could reach a "consensus on action which can bring the war to an end by establishing a democratic government in Rhodesia."

He put forward three proposals:

- Britain should produce a new constitution and put it to an all-party constitutional conference.
- "Free and fair" elections should be held in Rhodesia under international supervision.
- A Commonwealth resettlement programme and fund should be established for "those Rhodesian whites who do not wish to live and work under an African government."

Mrs. Thatcher said that a common factor which had emerged from Britain's pre-conference consultations with *African and other countries was* the view that the "constitution under which Bishop Muzorewa has come to power is defective in certain important respects."

Details of Nyerere and Thatcher conference speeches. Page 2. Man of the Week. Back Page

Mrs. Thatcher, explicitly *criticising the Rhodesian constitution* for the first time, noted that the Parliamentary mechanism which allowed whites to block constitutional change had not appeared in any other independence constitution agreed to by the British Parliament.

It was "clearly wrong that the (Salisbury) Government should not have adequate control over certain senior appointments."

Britain, she said, was "wholly committed to genuine black majority rule in Rhodesia."

Mrs. Thatcher said the British Government would be presenting its own constitu*tional proposals* as quickly as possible to all the parties. At the same time, it would "call on them to cease hostilities and move forward with us towards a settlement."

Many delegations were hoping last night that sufficient common ground existed between Mrs. Thatcher's position and that put forward by President Nyerere to allow further progress.

Both leaders agreed that the present Rhodesian constitution is inadequate, and both believe that it is up to Britain to put forward its own proposals.

They also both accept that there should be provision for *white minority representation* in Parliament but that this should not give whites a veto power.

However, until Mrs. Thatcher unveils Britain's proposals—and at present she does not intend to do so until after the conference—it will not be clear whether any wider agreement with the Front Line States is possible.

Constitutional changes which significantly reduce white influence are likely to be strongly resisted in Salisbury.

One possible area of conflict between the British and the Front Line States is the role of the Patriotic Front.

Britain will be including them in its discussions but President Nyerere said yesterday that it was "not possible just to introduce a new constitution and to co-opt representatives of the external nationalists into the Salisbury Government structure."

That said, there is considerable satisfaction in Lusaka about the way the conference is going. Halfway through the summit, Mrs. Thatcher and the Front Line leaders have not only avoided a widely forecast row over Rhodesia but, in a series of bilateral meetings, appear to have struck up an unexpected rapport.

In yesterday's debate, the Nigerian delegation struck a distinctly tougher note than other countries. Major-General *Adefope, the Nigerian Commissioner of External Affairs*, said there was not much hope for Mrs. Thatcher's proposals, which were not specific enough.

Loan demand puts pressure on corset

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

CORPORATE demand for bank lending continues to be buoyant, though demand for *personal sector loans is falling* off, say senior executives of three of the major London clearing banks—Lloyds, Midland and National Westminster.

They expect this position to *continue for the immediate* future, possibly up to the end of the year, thereby making it very difficult for the banks to remain within official credit units.

All the banks say that most increased lending to businesses is on overdraft, where utilisation levels are being pushed higher.

At National Westminster, Mr. Jeff Benson, chief executive, says that, on average, companies are utilising between 50 and 55 per cent of their agreed facilities, while Lloyds reports that the take-up of overdraft arrangements for working capital is more than 50 per cent.

The clearing banks attribute this to growing liquidity pressures on companies, as profits decline and re-stocking goes on.

The continued corporate demand for funds is making it *very difficult for the clearers* to keep within the corset, the official lending restraint mechanism.

Mr. John Davis, chief general manager at Lloyds, declares *that the corset is now* "pulling fairly hard."

"We are all finding it difficult to meet the corset, and there is not much to choose between us."

As a result the clearers are being forced to pay particular regard to official guidelines on priority areas for lending, and the manufacturing sector in particular.

Nevertheless, Lloyds admits it is already facing difficulty in "finding large chunks of term lending for large corporations."

Mr. Benson says he has given a verbal instruction that NatWest managers be reminded of the priority areas. "We are trying to cool it in non-priority sectors."

Continued on Back Page

Bank to keep most of its exchange control staff

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MORE THAN nine-tenths of the 750 staff employed by the Bank of England to administer exchange controls will still be required although there is now substantial freedom to invest *overseas. This follows the major* relaxation of restrictions announced in two stages over the last couple of months.

The formal structure of controls is being retained and applications for overseas investment still have to be submitted and processed by the Bank.

The relaxations have resulted in a temporary increase in the Bank's workload to cope with increased applications and transitional provisions. It is hoped that in time the relaxations will reduce the number of difficult cases so permitting quicker processing and staff savings.

There is a suspicion outside the Bank that the authorities wish to retain the formal apparatus of controls in case external confidence weakens, as in 1976.

The Bank has already saved 16 posts and it hopes in due course to save up to a further 50 posts. Most of the existing 750 staff are employed in the City

The Treasury, which employs about 24 people on exchange controls, expects to make some savings by about the end of this year.

The Bank's expenses in this *area amounted to £13m in 1978*-1979 and were estimated at £14m for the current financial year before the recent relaxations. The cost of Treasury staff engaged full-time on exchange control is about £300,000 a year.

The initial saving of 16 Bank posts mainly affected people on short-term contracts in Birmingham. They had been monitoring the regulation requiring British companies to bring back to the UK two-thirds of profit from overseas. This activity has now ceased. Any further savings will probably *come in the City and will be* covered by natural wastage and by transfers within the Bank.

£ in New York

—	Aug. 3	Previous
Spot	$2.2685-2695	$2.2740-2760
1 month	0.54-0.50 dis	0.64-0.60 dis
3 months	1.77-1.71 dis	1.80 1.72 dis
12 months	5.15-5.05 dis	5.15-5.09 dis

NEWS SUMMARY

GENERAL

UK in protest over gun sale ban

The Government has protested to the U.S. State Department about the ban on gun sales to the Royal Ulster Constabulary.

British Embassy officials have told the U.S. Administration that there is "no justification" for suspending the supply of small arms ordered by the RUC.

The State Department decided to halt the sales and to carry out a policy review after the Congressional Foreign Relations Committee expressed concern. Back Page; Background Page 2

FT Moscow man granted extension

The Soviet Union has decided to extend the accreditation of David Satter, Financial Times correspondent in Moscow, for a further six months, the Foreign Office announced in London.

Last month the Soviet Union told Satter, aged 32, a U.S. citizen, that his accreditation would be renewed for only six weeks until mid-August. Page 2; Editorial Comment, Page 14

Car kills girl

A three-year-old girl was killed and an 81-year-old woman badly injured when a car ploughed into a group of shoppers and children in Stockport. A three-month-old baby and another woman were also hurt.

Few port delays

Air and sea ports in the UK reported few serious delays to passengers or other traffic as customs officers began working to rule in protests against staff cuts. Back Page

Refugees 'safe'

Hong Kong officials were confident that hundreds of Vietnamese boat people, earlier feared drowned by typhoon Hope, had landed safely in the colony.

Menten blaze fails

Four armed men failed in an attempt to burn down the 50-room mansion in County Waterford, Ireland, owned by Dutch millionaire and Nazi war crimes suspect Pieter Menten.

ITV threat

ITV programmes may be blacked out again following unions' rejection of a 15 per cent pay offer. The National Association of Television, Theatrical and Kine Employees predicted "a stern confrontation" with independent television companies.

Model released

Former top model Vicki Hodge was released from Limehouse police station, London, after being questioned by police inquiring into an alleged financial conspiracy.

Out of tune

Common Market officials are being attacked for producing a 109-page survey on the classical music record industry in Ireland. The document, containing a list of records and stockists, established that Ireland produces no classical records—and that few are sold there.

Briefly . . .

Pilot was killed when German Starfighter crashed during a display at an air show at Yeovilton Naval Air Station, *Somerset*.

Winner of £100,000 in the June Premium Bond draw lives in Stoke-on-Trent. The winning bond number was 7VB 944723.

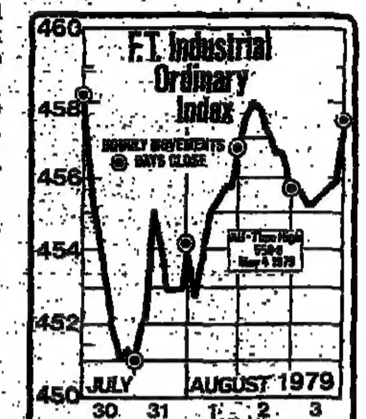
Torrential rain stopped the second day of the Test between England and India at Lords after England were 72 for three in reply to India's first innings 96.

BBC disc jockey Tony Blackburn is being replaced on his daily peak-time show and will in future broadcast at weekends only.

BUSINESS

Equities quiet; Gilts up 0.16

- EQUITIES *remained* quiet and the FT 30-share index rose 1.8 to close at 457.5.



- GILTS gained slightly on early sterling firmness, and the Government Securities index closed 0.16 up at 72.79.
- STERLING showed a firmer tendency, and gained 15 points to close at $2.2695. Its trade weighted index rose to 72.4 (72.2), and the dollar's was 84.6 (84.5).
- GOLD lost $1¼ in London to close at $287¾—a fall of $18¼ on the week. In New York, the Comex August settlement was $286.30 ($286.80).
- WALL STREET closed 1.79 down at 846.16.
- CHRYSLER Corporation president, Mr. Lee Iacocca, appealed to the United Auto Workers for a two-year wage freeze in a move which underlines the company's precarious position. Back Page
- LONDON'S Consolidated Gold Fields has dropped its £75m plan to mine potash in Whitby, North Yorkshire. Back Page
- WORKERS at Rio Tinto-Zinc group's big Hamersley iron ore operation in Western Australia have voted to end their 10-week strike. Page 37
- CEGB is expected to decide shortly whether to apply for Government consent to build a coal-fired power station near Grimsby. Page 3
- INSURERS may have to pay between $85m and $90m (£39.6m), following the sinking on Thursday of the supertanker Atlantic Empress. Page 3
- HEAVY LORRIES may have to pay higher taxes as a result of Government proposals unveiled yesterday to make hauliers pay more towards road costs. Page 3
- IBM is to delay shipments of its new system-38 computers by six to nine months to test further the system's programming elements. Page 19
- AIRBUS INDUSTRIE, the European consortium building the A-300 and A-310 Airbuses, is planning more airliners to compete with the U.S. industry. Page 3

COMPANIES

- GOVERNMENT has sold for a profit of over £160,000 its 18 per cent holding in Drake and Scull, the mechanical and electrical *engineering group which nearly* collapsed in 1976. Back Page
- RESTORELL, the fluid engineering and insulation company, gave a chilly reception to an increased £29m offer from BTR, the rubber and engineering group. Page 16 and Lex
- REDMAN HEENAN International has extended its 65p-per-share cash offer, worth £7.3m, for Wellman Engineering Corporation by five days to August 10. Page 16 and Lex
- PHOENIX TIMBER Company increased pre-tax profits in the year to March 31, 1979 from £111,000 to £342,000 on turnover up from £33.8m to £35.6m. Page 16
- FINSIDER, the Italian State steel company, reported an increased consolidated deficit for the year of L581bn (£316.7m) against L501bn in 1977. Page 19

BL to look at future of top-of-range cars

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THERE IS to be a wide ranging *review of the structure and* operations of Jaguar Rover Triumph, BL's specialist car subsidiary, in the wake of the sharp rise in the value of the pound and changing attitudes to *fuel conservation*.

BL as a group is suffering badly from the high value of the pound because it is one of the UK's biggest direct exporters and yet has no easy recourse to cheap imports of raw materials and components.

Even if a switch to overseas sourcing were politically acceptable, the scale of the problem means that it could not be made very quickly. For example, BL takes about 13 per cent of the British Steel Corporation's output of sheet steel.

And the group remains the major *customer* of many *UK* component manufacturers.

Jaguar Rover Triumph's problems are compounded by 25 per cent of its turnover, both in cash and production in unit terms, going to the U.S. and the dollar is particularly weak compared with the pound. JRT would expect to sell more than $400m of cars in the U.S. this year.

Looking to the longer term, JRT must be worried about *whether there is much of a* future for the big-engined, large cars it produces at the top of the range in an energy-preoccupied world.

Appointed to supervise the *JRT review is Mr. Percy Plant*, 47, acknowledged to be one of BL's toughest administrators and a man who in the past has taken difficult decisions.

Mr. Plant won the unfortunate title "the liquidator" among some BL employees after he first presided over the closure of the loss-making business Leyland-Austin in Spain and then carried out the same sort of exercise in Italy with Leyland Innocenti.

Mr. Plant is an accountant and BL stressed yesterday that he has held several posts within BL—*he is now group secretary* —which did not lead to such a dramatic result as in Spain and Italy.

JRT will also lose one major money-earner as a result of the shake-up to take place later this month. Land-Rover (which also makes the Range-Rover) is to become a separate company within BL Cars.

Both Mr. Plant's appointment as chairman of JRT and the switch of Land-Rover take effect on August 20.

The changes are among several announced by the company yesterday. BL has created a new position of managing director, cars. Mr. Ray Horrocks, currently chairman and managing director of Austin Morris, has been appointed to the position.

Succeeding him as managing director at AM—where Mr. Horrocks retains the chairmanship—is Mr. Harold Musgrove, currently the manufacturing director.

Mr. Pratt Thompson, the present chairman and managing director of JRT is to become chairman of BL International.

Mr. Thompson is an American *who has extensive worldwide* commercial experience and in particular has knowledge of the Japanese and U.S. markets. He will continue to chair the Board of Jaguar Rover Triumph Inc. in the U.S., BL's largest overseas operation. And it will be Mr. Thompson's responsibility to bring to fruition the current talks about a joint car between BL and Honda of Japan.

Sterling stabilised

By Peter Riddell

STERLING appears to have stabilised for the moment after the sharp fluctuations in the rate at the end of last month.

Dealers report that, while trading has been fairly quiet in the last couple of days, business has been in both directions. They say it is too early to tell whether this marks a new trend after the sharp rise in the rate for most of July and the dramatic shake-out of speculative positions on Tuesday.

The trade-weighted index, measuring the value of sterling against a basket of other currencies, yesterday rose by 0.2 points to 72.4 after touching 72.6 in the morning. This compares with a low for the week of 71.6 and a four-year high of 74.0 just over a week ago.

The pound rose by 15 points against the dollar to $2.2695 compared with a low of $2.2450

Continued on Back Page

Power workers accept 23%

BY PHILIP BASSETT, LABOUR STAFF

LEADERS OF Britain's 96,000 electricity supply manual workers yesterday withdrew their threatened industrial action in the power stations, which was due to begin next week. They accepted a two-stage pay offer giving overall increases of about 23 per cent.

The deal is in line with the increases achieved last month by the industry's 27,000 engineers, which set a new target for manual workers after they rejected by about three to two in a secret ballot an offer worth about 14 per cent.

The engineers had hoped to restore differentials eroded during the years of the last Government's pay policy, but Mr. Bill Prior, Electricity Council member for industrial relations, said yesterday that the council did not expect a renewed claim from the engineers after the manual workers' settlement.

Mr. Frank Chapple, trade union side chairman, said the unions had made clear to the council their strong views on any possibility of the engineers improving their deal in the forthcoming arbitration on their claim for increases of a further 10 per cent which was part of their agreement.

Mr. Chapple, general secretary of the Electrical and Plumbing Trades Union, said four signatory unions had withdrawn their notice of industrial action which was tabled after the workers' rejection of the earlier offer.

The action was due to begin on Wednesday.

The new deal will not be put to a ballot, but individual unions will advise their members on acceptance.

The agreement gives the power workers an *increase of* 12 per cent, backdated to March 17, a further rise on October 1 of 8 per cent, and improvements to conditions worth about 3 per cent.

The Electricity Council estimates that the deal will only add 15½ per cent, or about £65m, to the manual workers' pay bill costs for the year.

The deal will add £10.25 to the pay of manual workers on the lowest rate and £12.48 to skilled men on the highest. Average earnings for labourers are currently estimated at £75 a week, £90 for craftsmen and £115 for foremen.

Grimsby coal-fired power station likely, Page 3

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Allied Colloids	108	+ 6
Allied Lndn. Props.	88	+ 6
Automated Security	170	+ 4
Bestobell	220	+ 4
Brealsall Beard	18	+ 2
Clarke Nicholls	116	+ 8
Clark (M.)	148	+ 4
Imry Property	650	+ 20
Mallinson-Denny	87½	+ 4½
Pentland Industries	28½	+ 2½
Phoenix Timber	133	+ 8
Stocks (J.)	155	+ 15
Stylo Shoes	196	+ 12
Sunley (B.)	485	+ 18
Wearwell	39	+ 5
Woodhead (Jonas)	97	+ 5
BP	1175	+ 15
Siebens (UK)	262	+ 22
Charter Cons.	135	+ 7
Pacific Copper	96	+ 9
Selection Trust	476	+ 12
UC Investments	248	+ 13
Western Mining	145	+ 5
FALLS		
MK Electric	225	— 10
Wilson Walton	15	— 7

CONTENTS

For latest Share Index phone 01-246 8026

OVERSEAS NEWS

Israel threatens autonomy talks

BY DAVID LENNON IN TEL AVIV

ISRAEL IS *threatening to scuttle the current negotiations on Palestinian autonomy because of a reported shift in* American policy on the issue.

The Cabinet will meet on Sunday *to discuss the growing* crisis in relations with the U.S. shortly before American. Israeli and Egyptian teams are due to hold a new round of autonomy talks in Haifa.

In the past 24 hours high-ranking officials have condemned recent American moves apparently designed to bring the Palestine Liberation Organisation into the talks, despite Israel's refusal to have any dealings with the PLO in any circumstance.

Hints that the U.S. might try to amend United Nations Security Council Resolution 242 to broaden the reference to the Palestinians led Deputy Prime *Minister Professor Yigael Yadin* to say that any such action "will raise a serious obstacle *to further progress in the peace negotiations.*"

Another official said that even if the PLO signalled its preparedness to recognise Israel, Jerusalem would continue to oppose any U.S.-PLO dialogue.

These moves at the UN, in advance of a Security Council debate later this month on the Palestinian issue, are seen in Jerusalem as part of a public move of the American position towards greater support for the Palestinians.

A second American move which has led to a political alert in Jerusalem was the American proposal, at the autonomy talks in Alexandria last weekend, that the Palestinians be granted a Legislative as well as an Administrative Council to run *the autonomous areas on the* occupied West Bank and Gaza Strip.

Israel is totally opposed to granting the Palestinians any legislative powers. Jerusalem *was also angered by U.S. sugges*tions that East Jerusalem should be included in the talks and that Palestinians living in the Arab world should be entitled to vote for the Autonomy Council.

A hird source of concern was President Catrer's interview in the New York Times in which he equated the PLO with the American Civil Rights Movement.

Israel believes that these developments clearly indicate that Washington has decided to make public a pro-Palestinian policy, formerly only hinted at.

The Cabinet is expected to take a tough stance which could well lead to a confrontation with the U.S. The American negotiatiors, who arrive here on *Sunday, can be expected to face* some sharp criticism from the Israelis.

Mr. Moshe Dyan, the Foreign Minister, may be sent to Washington to discuss what is seen here as the erosion of the U.S. position on the Palestinians with Mr. Cyrus Vance, the Secretary of State.

The English language Jerusalem Post said yesterday "The spectre of a major clash of positions between the U.S. and Israel has haunted Jerusalem policy makers for years. Now it appears at hand."

Israel's Prime Minister, Mr. Menachem Begin has returned from hospital after treatment for a minor stroke. He expects to be able to return to work in about a week.

Tunis frees union leader

By Tanya Matthews in Tunis

PRESIDENT BOURGUIBA of *Tunisia has granted his presi*dential pardon to former Secretary-General of the UGTT, the Tunisian trades unions, Mr. Habib Achour, and eight political prisoners including *members of the Paris-based* left-wing organisation "The Perspectives."

Mr. Achour's *liberation has* been rumoured for some time and is believed to be granted *for humanitarian as well as for* political reasons.

Syrian general for PLO post

BY IHSAN HIJAZI IN BEIRUT

A SYRIAN Airforce General of Palestinian extraction has been named to head the military *operations department of the* Palestine Liberation Organisation in succession to Mr. Zuheir *Mohsen, who was assassinated* last month in Cannes, on the French Riviera.

The Syrian-backed Saiqa guerrilla organisation announced yesterday it was nominating *Maj.-Gen. Mohammed Azzam to* the post, after electing him deputy secretary-general of *Saiqa's own general command.* Mr. Sami Attari was named sec*retary-general, a post also held* by the late Mr. Mohsen.

Mr. Attari is a member of the *Damascus-based Pan-Arab Com*mand of the ruling Baath Party, while Gen. Azzam is in the *regional command. Both com*mands are headed by Syrian President Hafez Assad.

Saiqa is part of the Palestinian branch of the Baath Party in Syria. Mr. Mohsen's *brother*, Majed, was appointed secretary of Saiqa in Lebanon.

The appointments showed *how heavily Saiqa is committed* to Syria.

The 45-year-old Gen. Azzam is a Syrian citizen, and is head of Syria's bomber command, which mainly consists of Soviet-built Sukhois. It was not immediately known if he would leave the Syrian Air Force to devote all his time to Saiqa and the PLO.

The PLO's executive committee is due to meet here tomorrow to decide on the nomination, and to decide on readmitting the hard-line Popular Front for the Libera*tion of Palestine (PFLP) to the* committee.

Iranians vote for constituent assembly

BY ANDREW WHITLEY IN TEHRAN

Last-minute party declarations go up at Tehran University

IRAN YESTERDAY took another big step in the direction of a full-fledged theocratic state. In the first nationwide elections since the February revolution, millions turned out to vote for candidates for a 73-member constituent assembly.

Voting was orderly and peaceful and no violence was reported. However, half a dozen political groups, including the two main guerrilla organisations, complained of irregularities on the part of the dominant Islamic Republican Party, which identifies itself with Ayatollah Khomeini.

After touring polling stations in the poor southern districts of Tehran, Mr. Hashem Sabaghian, the Interior Minister, admitted that in some areas "*irresponsible individuals were interfering*" by presenting voters with pre-written lists of *candidates.*

The announced boycott of the election by some 17 parties, notably the Muslim People's Republican Party, the second largest party, appears to have had little effect on the turnout or the voting pattern. Votes were being cast for individuals who had announced their withdrawal, and the supervising authorities said that, if these had fulfilled the nomination provisions and received the required number of votes, they would be able to take up their seats if they wished to do so.

In a radio broadcast yesterday, Ayatollah Khomeini urged *the 21m-strong electorate to turn* out, to demonstrate their support for the Islamic republic *and confound the doubters.* The move appeared designed to counter the complaints and protests that *there* had been insufficient time beforehand, and that democratic conditions did *not exist.*

In the event, the turnout was distinctly lower than in the March referendum on the monarchy, although at most of the capital's thickly scattered polling stations queues formed for most of the day. Voting continued after the official closing time of 6 p.m.

Outside Tehran, polling was reported by the official news *agency to have been quiet in the north-western city of Tabriz, the* heartland of the Muslim People's Republican Party, but *normal elsewhere.*

Strong social pressures to vote for the conservative *religious slate sponsored by the* Islamic Republicans were exacerbated by the lack of *secrecy at most polling stations,* and, in some cases, the open partisanship shown by election *officials.*

Italian tanker strike ends

BY OUR FOREIGN STAFF

ITALY'S OIL tanker drivers last night agreed to end a strike which led to severe petrol and diesel shortages and some fist fights among angry motorists.

The tanker drivers' dispute was *over transport tariffs. Rome* airport refuelling staff also stopped work, to back their *demands for new labour* contracts.

More than half Italy's filling stations ran out of fuel as hundreds of thousands of motorists looked for pumps which were still operating.

The national airline Alitalia was *forced to cancel* 20 per cent of its international and domestic flights, at the peak of the holiday season.

In Paris, the Economics Ministry announced increases in French *petrol prices to FFr 3.05* (33p) *per litre for super grade* from FFr 2.95 and to FFr 2.84 *for ordinary grades from* FFr 2.74, effective today.

The price for diesel will rise to FFr 2 per litre from FFr 1.91. Domestic fuel goes up to FFr 1.19 from FFr 1.09.

Petrol also went up in Holland, where the Government *announced a 4 guilder cent per* litre rise in maximum petrol and diesel fuel prices.

Petrol prices from today will then be 119.8 guilder cents (26.6p) per litre for ordinary grade and 123.2 cents for premium grade, while diesel prices will range between 79.8 and 80.6 cents, all including value added tax.

East Germany and Romania have started talks on new Romanian petrol restrictions which have stranded East German motorists in the Balkans, a Romanian Embassy spokesman said in East Berlin.

Romania announced earlier this week that foreign tourists *could buy petrol with only* western currency.

Marchais hits at prices

BY DAVID WHITE IN PARIS

THE FRENCH political scene, vacated for the August holidays, echoed yesterday to the sound of M. Georges Marchais returning to the fray.

The Communist Party leader, sporting a Yugoslav suntan, *gave warning of an "extremely* combative, extremely tough" campaign, promised the Government "some nasty moments" and railed against the latest price increases.

*His comeback press con*ference coincided with the announcement of new prices *for petrol and electricity.* These, which were expected, push high-octane petrol up by FFr 0.10 to *FFr 3.05 a litre (£1.44 a* gallon) and electricity charges up by an average of 7.5 per cent. *At the same time,* France's largest bank, BNP, raised its base lending rate for the *fourth time in less than* two months, to 10.05 per cent.

M. Marchais said the extra 1 per cent of salaries being taken for social security, together with dearer petrol, public services, rents, television licences, drinks and tobacco, amounted to FFr 60bn being taken away from French workers.

M. Marchais' summer "*return*," taking advantage of the political vacuum, is an annual ritual, and this year's was true to his ebullient form. He accused the Government of "the most ferocious class policy that has been applied in France for a long time."

Among the Communists' "immediate objectives" he listed: a six-month freeze on prices and rents, a return to the system of price controls being progressively abandoned by the Government, a raise for the lower paid, support for farmers, an end to redundancies and factory closures.

He called for a surtax on oil companies' profits, on capital and on high incomes. He accused the authorities of misleading people by blaming unemployment and inflation on oil.

USSR extends FT reporter's permit

By Our Foreign Staff

The Soviet Union has decided to extend the accreditation of Mr. David Satter, the Financial Times correspondent in Moscow for a further six months, the Foreign Office announced in London yesterday.

Last month the Soviet *Union told Mr. Satter,* 32, a United States citizen, that his accreditation would be re*newed for only six weeks until* mid-August.

Britain and the U.S. made *strong representations* to the Soviet Union. Britain said that the matter had a bearing on Anglo-Soviet relations and should be quickly and satisfactorily resolved.

***Mr. Satter* has been working in Moscow since June, 1976. The Foreign Office spokesman told reporters that the Soviet Charge d'Affaires in London, Mr. Vladimir Keline, called on Deputy Under-Secretary Julian Bullard on Thursday to inform him of the Soviet decision**

Mr. Keline said that the British Government's repre*sentations* had been taken into account in reaching the decision to extend the *accreditation for another* six months.

The spokesman said that Mr. Bullard *noted the* decision with satisfaction. Mr. Bullard said he hoped the *Soviet Union would now* cooperate in helping Mr. Satter to solve various administra*tive problems which had* arisen

In Washington, the State *Department, which had made* representations on Mr. Satter's behalf since he is a *U.S. citizen,* issued the following statement:

"Assuming the intent to *extend the accreditation* is carried out, it would be a positive sign. We also trust Mr. Satter and other U.S. media representatives in Moscow will not be subjected to further harassment"

Japanese present 7-year plan

By Richard Hanson in Tokyo

A PRIVATE advisory board to the Government yesterday *presented a seven-year* economic and social development plan which envisages *real economic growth of 5.7* per cent a year, with an inflation rate of about 5 per cent *up to the end of 1985.*

The major goals and projections of the plan, the outline of which was drawn up earlier this year, are as follows:

- **The current account will, as a result of domestic demand-led economic growth, decline from 1.2 per cent of the gross national product in fiscal 1978 to 0.4 per cent in 1985.**
- **The jobless rate will decline to 1.7 per cent in 1985 from 2.2 per cent last year.**
- **The plan urged implementation of a general excise tax next year to end dependence in the national budget on flotation of deficit-covering bonds, now nearly 40 per cent of budget financing.**
- **Spending of Y240,000bn (£483bn) on public works *projects to improve infra*structure.**
- **Social welfare benefits will increase from 12.3 per cent of GNP in fiscal 1978 to 14.5 per cent in fiscal 1985.**
- **Tax and welfare payment burden on the public will rise to 37.5 per cent from 28.9 per cent.**
- **The average floor space of Japanese homes will expand to 80 square metres from 70 square metres.**

Pressure in Congress led to Ulster arms sales ban

BY DAVID BUCHAN IN WASHINGTON

THE U.S. State Department's action this week to *suspend* for the time being any sales of U.S. handguns and ammunition to the *Royal Ulster Constabulary* was the result of growing pressure in Congress on this issue. Yesterday, there was *some crow*ing on Capitol Hill. Representative Mario Biaggi, called it "a *victory for the respect of U.S.* law" and its provisions on selling arms to countries that do not *respect human rights.*

It was Mr. Biaggi who acted as something of a catalyst in the *Administration move.* Last month he tried to tack on to a State Department funding bill *an amendment* barring arms sales to the RUC. He was only talked into withdrawing this amendment with a promise by Representative Clement Zablocki, chairman of the House Foreign Affairs Committee and a man with no particular axe to grind on the Irish question, that the general sales policy to Ulster would be directly reviewed with the State Department.

Mr. Biaggi is an ex-policeman of clearly Italian extraction. His New York constituency in the Bronx contains many hardline sympathisers with the Irish Republican Army cause, and to a large extent his militant views on Ulster have been disowned by the Carter Administration, the Dublin Government, and prominent Irish-American leaders.

For example, the Irish-*American establishment* has strongly disassociated itself from Mr. Biaggi's plan to hold "*peace forum*" *hearings in* Washington at the end of next month, since his intention to *invite leaders of the* Provisional IRA would confer recognition on the terrorist movement.

The State Department has been persuaded to act because Mr. Tip O'Neill, the Speaker and senior Democrat in the House, also felt the same way as Mr. Biaggi on the issue—and has made no secret of it.

In a public letter to Mr. Cyrus Vance, the Secretary of State, at the end of May, the Speaker wrote "despite recent reforms, the past record of the RUC is not one of impartiality in maintaining law and order. The Sale (of arms) will therefore be seen by many here as U.S. Government support for a particular faction in Northern Ireland."

The point which many British politicians and citizens, infuriated by some of the Speaker's public criticism earlier this year about the lack of political progress on Ulster, should grasp about Mr. O'Neill is that he is in no way a Provisional sympathiser wrapped in the stars and stripes. Indeed, the Speaker has consistently condemned the flow of arms and money from the U.S. to the *Provisional IRA.* So have the others among the "Four Horsemen," as they are known in the *Irish-American community* here—the Speaker, Senator Edward Kennedy, Governor Hugh Carey of New York, and Senator Daniel Moynihan.

The State Department is not *saying how long the suspension* of sales will last. The department has affirmed the U.S. view *that the RUC is, of course,* the legal police force in the province, but said that arms *sales there will be reviewed on* a case by case basis.

At present, it is reviewing the *human rights situation* in Northern Ireland, despite the fact that its comments on Ulster *in its annual human rights* report this year were relatively mild. But as one official *privately commented this week,* "we are quite good at spinning out these reviews."

Certainly, it becomes more difficult for President Carter to resume arms sales during an election year, in which he will need to conciliate heavyweights in the Democratic party machine, such as Mr. O'Neill, and potential rivals such as Senator Kennedy.

W. German orders rise

BY JONATHAN CARR IN BONN

OVERALL ORDERS to West German manufacturing industry rose again in June, surpassing the already high level recorded for May by a (seasonally adjusted) 1 per cent.

Demand for consumer *durables* was particularly strong, rising by 6.6 per cent, although orders for investment *goods, often seen as the most* important category, were down by 2.5 per cent.

This small drop could partly account for the scepticism about business prospects over the next six months revealed in the latest survey of the IFO Economic Institute.

Order figures for May-June compared with the results for the same months of 1978 underline the buoyancy of demand this year, particularly from abroad.

Overall orders were up by 14 per cent, based on an increase of 11 per cent at home and 19.5 per cent abroad. Demand was up for basic goods by 17 per cent, for investment goods by 12.5 per cent and for consumer durables by 12 per cent.

Separate figures issued yesterday revealed that orders to the mechanical engineering industry in the first half were up by 16 per cent in real terms against the same period last year.

Orders in hand at the end of June were sufficient for 6.4 months' production against 5.9 months at the start of the year.

U.S. jobless total up

By Jurek Martin, U.S. Editor, in Washington

THE U.S. unemployment rate *rose only slightly last month* to 5.7 per cent, 0.1 per cent more than in June.

In July, overall employment actually rose by 450,000, an increase entirely attributable to more women finding jobs. This means that once again there was a higher percentage of the population in employment in July—59.4 per cent—than at any other time

So far, the unemployment rate has been the one economic indicator which has not pointed in a recessionary direction

Dutch ban sleeping pill

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH health authorities have imposed a six-month ban *on the sale of the sleeping pill* Triazolam—a drug similar to Mogadon—which is sold under *the name Halcion in many* countries in Europe. The drug has been suspended from Monday after some 600 complaints from users that it caused anxiety, depression and over-sensitivity to sound and light.

Upjohn of the U.S. produces the drug at its factory in Belgium, and distributes it in Britain, Ireland, West Germany, France, Switzerland, Denmark, Belgium and The Netherlands. The drug has not yet been approved for use in *the U.S.*

More than 22m of the pills have been sold in The Netherlands since Halcion was approved for use last year to about 750,000 people, a senior official of Upjohn-Nederland *said.*

This is the first time in many years that a drug which has been approved by the Dutch health authorities has been banned against the wishes of the manufacturer.

Upjohn described the banning as "unnecessary and clearly not supported by scientific facts." It said it regretted the "sensationalised and subjective reports about Halcion.

The company is convinced that Halcion is an effective and safe hypnotic drug. Renewed studies have shown that nowhere else where it is in use have side-effects been reported similar to those in the Netherlands, it said.

Spanish wage rises of 1.7% recommended

MADRID **— The Spanish Cabinet, in a regular meeting yesterday, recommended em*ployers to pay an additional* wage increase of not more than 1.7 per cent from June *until the end of the year.***

The Government's original economic goals for 1979 were to hold inflation to not more than 12-13 per cent and keep wage increases to under 13 per cent.

The consumer price index had risen by 7.3 per cent by last June.

AP

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Martin Dickson and Michael Holman report on a lowering of tension over Rhodesia

Key speeches 'a basis on which to build'

THE COMMONWEALTH CONFERENCE

COMMONWEALTH LEADERS, during their informal meetings in Lusaka this weekend, will be digesting two key speeches on Rhodesia—one from President Nyerere of Tanzania and the other from Mrs. Margaret Thatcher, the Prime Minister.

The tension which had been building up before the opening of the conference on Wednesday has been noticeably relieved. The two speeches, being treated here as British and African position papers, *were generally welcomed* as forming a constructive basis on which to build.

President Nyerere opened the southern Africa debate by calling on Britain to produce a Rhodesian constitution to put to an all party conference. "My hope is that the Commonwealth can at this meeting reach consensus on action which can bring the war to an end by establishing a democratic government in Rhodesia.

"The principle of majority rule has now been accepted in words by all Rhodesians," Dr. Nyerre said. "That is itself an advance. What is necessary, and is at the moment lacking, is a Rhodesian constitution which establishes majority rule, which we can all recognise as democratic and in support of which we can all use our influence on the contending groups."

Dr. Nyerere stressed that the demands for a democratic constitution "does not rule out the existence of reserved seats for minorities—even out of proportion to the numbers involved. But *it does exclude control* being retained by the minority community over judiciary, the public service, the police and armed forces . . . through constitutional devices, entrenched clauses and 'transitional arrangements' which make any talk of majority rule ridiculous."

The President also said he wished to "revive the suggestion that there should be established a Commonwealth resettlement programme and fund for those Rhodesian whites who do not wish to live and work under an *African government.*"

The Tanzanian leader said he had been "very encouraged" by *Mrs. Thatcher's statement* at the opening of the conference that "the British Government are wholly committed to genuine Black majority rule in Rhodesia" and that their "aim is to bring Rhodesia to legal independence on the basis which the Commonwealth and the international community as a whole will find acceptable."

Mrs. Thatcher, who spoke after Dr. Nyerere, said that in the changes which had now taken place in Rhodesia "We surely *have the basis from which to try* to develop a solution which will command general international acceptance."

But she said that from the Government's recent *international consultations* various factors emerged clearly:

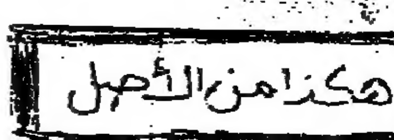
"The strongest is the view *that* the constitution under which Bishop Muzorewa has come to power is defective in *certain important* respects." There was "valid criticism," she went on, of provisions which allowed the *white minority* to block in Parliament constitutional changes which they found unacceptable.

"The principle that there should be some guaranteed *representation for minority* communities during a certain minimum period following the transfer of power on independence is not new—and I think we all recognise the importance to Rhodesia of encouraging the European minority to remain and to continue to play a useful part in the *life of* the community. But that is a very different matter from enabling them to block all change."

The Prime Minister concluded by setting out the main *points of the British position:*

- "The British Government are wholly committed to genuine Black majority rule in Rhodesia."
- "We accept that it is our *constitutional responsibility* to grant legal independence on that basis and that only Britain can do it."
- "We accept that our objective must be to establish that independence on the basis of a constitution comparable with the constitutions we have agreed with other countries."
- "We will present our proposals as quickly as possible to all the parties, and at the same *time call on them to cease* hostilities and move forward with us to a settlement."

"Our aim is to bring Rhodesia to legal independence on a basis which the Commonwealth and the international community as a whole will find acceptable." Mrs. Thatcher concluded.



Taxes on lorries may be increased

BY LYNTON McLAIN

HIGHER TAXES for heavy lorries may be on the way as a result of proposals unveiled by the Government yesterday to make lorries pay their way on the roads.

The move, foreshadowed in the Budget, is expected to apply to 250,000 vehicles of more than 12 tonnes gross weight.

But any increase in taxes is certain to be greeted with a storm of protest from hauliers. Operating costs in the industry rose by 17.5 per cent in the first half of the year and were still rising with the higher diesel fuel prices in July.

Mr. Norman Fowler, Transport Minister, yesterday issued a consultation paper setting out the Government's proposals.

These involve restructuring the vehicle excise duty on heavy goods vehicles. In future, if the plan gets through, lorries will be taxed according to their gross weight and number of axles.

This would be a "fairer basis of taxation," Mr. Fowler believes. The proposed changes will enable the Minister to relate the tax on different classes of goods vehicle to the extra costs they impose on Britain's roads.

The change will not start before 1981, but even before yesterday's announcement the Road Haulage Association, which represents Britain's contract hauliers, attacked a Swiss report that Britain's hauliers contributed only half of the costs they imposed on roads, based on figures for the whole of Europe.

Grimsby coal-fired power station likely

BY JOHN LLOYD

A DECISION by the Central Electricity Generating Board to apply for Government permission to build a big coal-fired power station near Grimsby is expected soon.

The application is likely to be granted by the Government because of its policy of encouraging coal-burning to replace oil fired capacity.

The site, at Kellingholme, between Grimsby and the deep-water port of Immingham, already has consent for an oil-fired station, no longer regarded by the board as an economic proposition.

The board wants a coal-fired station to be the same size as the oil-fired one previously proposed—4000 MW and would look to the South Yorkshire coal fields for much of its supplies.

A station of this size, as big as the twin station at Drax, near Selby—would burn about 10m tonnes of coal a year.

Smaller

It is, however, the only big coal-fired station in prospect, apart from a much smaller station at Dunston, Tyne and Wear, where an old station is likely to be "replanted" and enlarged, from 100 to 700 MW.

There is also a long-standing consent to build a coal-fired station at West Burton, in the Trent Valley, though that is thought to have lapsed, and there are no plans for the site at present.

While the board is anxious to press on with its nuclear programme, it anticipates that there may be some delays in consents being granted because of environmental and other pressures, and wants to avoid the position of any future shortage.

The European Commission has also recently restated its position of support for the coal industry and for coal-fired generation, and could be expected to support the venture with loans on favourable terms, and possibly with subsidies.

Tanker's insurers face bill for $85m

By John Moore

INTERNATIONAL INSURERS face one of their biggest marine claims after the sinking on Thursday of the supertanker Atlantic Empress. The bill might total between $85m and $90m (£39m).

Claims for about $54m will be presented to the London insurance community. Of that, about $32m (£14m) will fall on Lloyd's of London.

Claims on the tanker's hull insurances are expected to total $45m and cargo claims are estimated to be $40m.

Lloyd's share is likely to be about £7m on the hull and a similar amount on the cargo.

Latest projections accord largely with underwriters' earlier estimates when the Atlantic Empress collided with the Aegean Captain, another tanker, two weeks ago off Tobago, in the West Indies.

Both ships caught fire and the crew abandoned ship.

The Atlantic Empress created an oil slick 15 miles long and three wide. The Aegean Captain has been towed to Curacao for repair.

The Atlantic Empress, 292,666 tons deadweight, is the largest vessel ever lost. Her cargo of 275,976 tons of crude oil was the most spilled from one vessel.

Times NGA members agree on peace offer

BY ALAN PIKE, LABOUR CORRESPONDENT

THE 600 National Graphical Association members who lost their jobs after Times Newspapers suspended publication eight months ago yesterday accepted return-to-work proposals agreed between the management and national union officials.

Mr. Les Dixon, NGA president, said after a meeting of his Times Newspapers members that the formula had been accepted except for one or two minor points.

"We shall be raising them with management but they are not of a tremendously serious nature."

The future of the peace formula is in doubt, however, because it has been rejected by chapel (office branch) leaders of the National Society of Operative Printers, Graphical and Media Personnel, the union with most members at Times Newspapers.

On Monday, the NATSOPA executive will review the position and consider whether it should seek renewed talks with the company on the basis of revised proposals drawn up by the chapel officials.

Among other things, the chapel officials are demanding that new pay agreements must be concluded satisfactorily before the resumption of publication and that traditional methods of chapel negotiation must continue.

They object to proposals to appoint an independent chairman to settle problems still outstanding six months after re-publication.

Mr. Dixon said after his members had accepted the return-to-work formula that NATSOPA had to make its own decision.

But he added: "If NATSOPA set out on their own for any particularly long period of time it would not be acceptable to us. We would have to arrange to talk with the management."

New Towns property sales may top £150m

BY CHRISTINE MOIR

PROPERTY SALES by the New Towns this year could well top £150m. In addition to the £100m or so that the authorities have been asked to raise by Mr. Michael Heseltine, Secretary for the Environment, a further £40m is expected to be saved through self-financing of development programmes.

Under the cash limits imposed by the previous Government the borrowing powers of the New Towns were cut back. They were encouraged to fund about £20m of their present development programmes through sales of existing assets.

Further disposals will be required by the present Government.

The Department of the Environment confirmed yesterday that the latest restrictions on development loans would probably lead to a further £20m or so of sales. The bulk of this would largely devolve on the three most mature towns—Stevenage, Harlow and Bracknell.

These towns—all due to be wound up and have their assets transferred to the New Towns Commission within two years—have total capital commitments to new building of at least £17m.

They confirmed yesterday that they have been instructed to fund those commitments from their own resources by selling assets.

Feature—page 15

£125,000 golden handshake for director

By Christine Moir

MR. LAURIE MARSH, who joined the Board of Associated Communications Corporation when it took over his company, Intereuropean Property Holding in February, is leaving with a £125,000 golden handshake.

A statement from ACC yesterday said that "by mutual agreement" Mr. Marsh had resigned from the Boards of ACC and Intereuropean.

Lord Grade is to take his place on the Intereuropean Board.

The statement is in sharp contrast with one issued by ACC on July 18. That said: "Mr. Marsh has been asked to relinquish his directorships."

At that time Lord Grade, speaking from his New York office, said he did not believe any compensation would be paid to Mr. Marsh for loss of office and Mr. Marsh refused to make any comment.

Yesterday Mr. Marsh agreed with Lord Grade's earlier explanation that their two styles of management did not mix. "I run a shoestring budget," he said. "ACC is a big company with a formal method."

Mr. Marsh said that he intended to set up again in business on his own next week. "I will be going back into the same field—property through to leisure."

The compensation Mr. Marsh received is not the largest given to former chairmen in recent months. Mr. Eric Morley received £200,000 when he left Mecca, the Grand Metropolitan subsidiary, in December. Mr. Sandy Marshall, former chief executive of P & O, received £70,000 after his resignation in March.

Savings and investments, Page 5

Airbus group sets up future projects team

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRBUS INDUSTRIE, the European consortium, is studying airliner ventures for the future.

It has set up a new department to co-ordinate plans, which will be headed by Mr. Derek Brown, who has been for some time with the Hatfield-Chester Division of British Aerospace. He joins Airbus Industrie in Toulouse as vice-president, New Products Co-ordination.

Types being studied include a very long-range, four-engined, wide-bodied aircraft, seating up to 200 passengers; a stretched, short-to-medium range, twin-engined, wide-bodied; 300-330 seater; and a smaller, 130-160-seater short-to-medium range airliner.

The existing A-300 seats 250 passengers and the A-310 seats 200. Both are twin-engined, short-to-medium range aircraft.

Airbus Industrie's long-term aim is to widen the Airbus into a "family" of jet airliners to compete with the U.S. industry.

The partners in Airbus Industrie—British Aerospace; Aérospatiale, and Deutsche Airbus, which includes Messerschmitt-Bölkow-Blohm and VFW-Fokker—have made many individual studies into the three airliner types under consideration.

The cost of any of those ventures would run to several hundred million pounds, so if one or more of the new types is undertaken at all in Europe, it will have to be under the aegis of Airbus Industrie.

Mr. Brown's task will be to bring together all the various studies undertaken so far, so as to produce specific designs in each area that might be considered by Airbus Industrie as serious projects.

The project most likely to occupy immediate attention will be the 130-160-seater, for which a market for up to 1,000 aircraft is expected to emerge in the 1980s, to replace existing, ageing short-haul jets such as One-Elevens and early Boeing 737s.

Potato board battle goes on

COURT BAILIFFS have been instructed to seize goods worth £300 from the Pembrokeshire farm of Captain E. P. Carlisle, brother of Mr. Mark Carlisle, the Education Minister, in the latest round of a long-running battle with the Potato Marketing Board.

Capt. Carlisle has been running a one-man campaign against the board which controls the acreages a grower can plant.

Lloyd's takeaway rooms still up for sale

THERE WERE still takeaway rooms for sale as the last of the business-suited bargain hunters picked their way through the dark, deserted corridors of Lloyd's former Leadenhall Street headquarters building in London yesterday.

The walnut panelled boardroom has already gone for £15,000. It will now grace a country house in Gloucestershire.

But bids were still being taken for the Oval Room, the Committee Room, and several managers' offices, ideal for the up and coming executive who prefers the comforting glow of wood panelling to modern decor.

The 50-year-old building will be demolished at the end of this year, but Lloyd's were anxious to save as many of its fine features as possible. Hence the sale of fittings room by room rather than piece by piece.

The salvage company organising the operation describes it as possibly the largest since London Bridge was dismantled and shipped to America.

Some of the wooden panels are 24 foot high, and the decorative ceiling of one room is part of the all-inclusive price.

This extraordinary sale of about 1,000 architectural fittings is open only to Lloyd's members—such as underwriters and stockbrokers—and staff.

About 500 have already placed their bids for everything from whole rooms to bronze door pulls. The salvage company will begin considering the bids next week on a "fair and equitable basis," and whatever is left will be sold to the interior decoration trade.

Most of the fittings, particularly the large pieces, will go to other Lloyd's buildings and offices, as well as to restaurants in which the company has an interest.

Two of the most architectually significant features of the old building—the panelled library and the war memorial—will be dismantled and re-assembled in the new premises to be erected on the same site.

As always, however, Lloyd's is cautious about risks. Should the City not grant approval for the demolition of the old building and construction of the new one, everything has been removed in such a way as to allow quick re-assembly.

More Home News
Page 22

BL Oxford workers set to ignore one-day action

FINANCIAL TIMES REPORTER

THE SIX BL car plants in the Oxford area will be open on Monday when the engineering unions want workers to join in a national one-day strike.

Mr. Malcolm Young, Oxford district secretary of the Amalgamated Union of Engineering Workers, says he is very disappointed by the company's decision.

He stresses that the call for action by the Confederation of Shipbuilding and Engineering Unions is an instruction to join an official dispute.

He warned that production could be disrupted later "as there are always recriminations" when workers ignore official strikes.

Shop stewards plan to picket the Austin-Morris car assembly plant where workers say they will go in on Monday.

The AUEW has asked craftsmen at Cowley to reconsider their decision to delay supporting the Confederation until they know whether BL will again be given favourable consideration by the unions. Last year, the unions allowed BL to delay implementation of the annual agreement and to make it conditional on improved productivity.

Mr. Young said the men's attitude was understandable, but he was confident they would support the strike when they reconsidered their position.

● Talbot Cars of Coventry (formerly Chrysler) yesterday said that their final pay offer of an extra 5½ per cent plus an incentive bonus still stood.

Earlier, a meeting of more than half the 4,000 strikers at the company's engine-building plant voted to continue their three-week stoppage.

Like 2,000 workers at the company's car assembly plant in the city, they are claiming a 20 per cent pay rise—to put them level with other car workers in Coventry.

Ladbroke may face more casino licence battles

BY JAMES BARTHOLOMEW

THE GAMING Board might seek the closure of Ladbroke Group's provincial casinos but a final decision has been deferred until Ladbroke's appeal against the refusal of South Westminster magistrates to renew four London casino licences has been determined.

The Gaming Board would not necessarily proceed against the other Ladbroke casinos even if the group finally lost the four London licences said the Gaming Board yesterday. But if it did, the appropriate steps would be either to seek cancellation of the provincial licences or else object to their renewal.

Ladbroke, the biggest casino operator in Britain, was refused renewal of four London licences by South Westminster magistrates last month on the grounds that the Ladbroke subsidiaries were not "fit and proper persons to be holders of gaming licences."

The police had objected to renewal of the licences, saying that the Group had repeatedly breached the Gaming Act 1968 and had used the police computer to trace potential customers from car registration numbers.

The Playboy Club of London, a subsidiary of the American magazine and leisure group, also objected to renewal of the Ladbroke licences. It has intended to object to Ladbroke's provincial licences next year but may not do so if the Gaming Board final decision has been deferred Victor Lowndes, the chairman.

Rolls-Royce signs Spey deal with Romania

BY OUR AEROSPACE CORRESPONDENT

ROLLS-ROYCE has signed contracts with the Romanian Government for both the supply of Spey aircraft engines, and eventual joint manufacture of the engines in Romania, that could eventually be worth over £200m during the 1980s.

The deal is part of an overall agreement under which Romania will buy three Spey-powered British Aerospace One-Eleven airliners initially, and build up to 22 aircraft in conjunction with British Aerospace by 1985, thereafter manufacturing One-Elevens by itself.

The British Aerospace share of the deal was signed several weeks ago.

Mr. Barney Mathias, personnel and industrial relations director of Rolls-Royce, said yesterday that it was essential for the company to produce the engines on time and at the right price.

"If we are to meet all our commitments, we must raise the level of our productivity. If we do, then we can succeed in becoming a high productivity high wage company."

Under the agreement, Romania will take out a licence to manufacture parts of the Spey engine, while engines will also be assembled and tested there.

Animal cruelty review wanted

ANTI-VIVISECTIONISTS have asked Mr. William Whitelaw, Home Secretary, to set up a Royal Commission to examine the five million experiments on animals every year. They claim that more animals every week are involved in experiments than in the whole of 1912, when laws governing tests were last reviewed.

Seamen seek aid in dispute

BRITISH SEAMEN sent telegrams to Dutch and Norwegian seamen's unions last night, asking for support in the North Sea offshore catering workers' strike.

The telegrams followed an incident when supplies were transferred to a Norwegian supply vessel after the crew on a British boat in Aberdeen harbour refused to sail.

The National Union of Seamen has instructed its members not to sail with cargo or supplies for installations affected by the nine-day strike by contract catering workers.

The catering companies say 500 of their total workforce of 1,100 were on strike but the unions say the strikers number more than 800

Last night Mr. Harry Bygate, seamen's union official in Aberdeen, said: "In view of what happened and what is likely to happen again we have requested immediate assurance from the Dutch and Norwegian seafarers' union that they will not handle cargoes we have blacked."

The union will also request more support from the 10-member Inter-Union Offshore Oil Committee which meets in Aberdeen on Monday.

Indian bank staff walk out

By Nick Garnett, Labour Staff

CLERICAL staff at the five principal Indian banks operating in London went on unofficial strike yesterday over a pay dispute.

The Banking, Insurance and Finance Union, which negotiates in the Indian banks, had decided to press for settlements in foreign and domestic banks similar to those agreed in the main English clearers.

The banks affected by yesterday's action were understood to be the Bank of India, the Bank of Baroda, the State Bank of India, United Commercial and the Central Bank of India.

Mr. Gopal Krishnan, the Bank of India's chief manager for the UK, said there was only a small difference in the size of the offer made by the negotiating committee representing the five banks, and what the union was prepared to accept.

Mr. Steve Gamble, union assistant secretary, said, however that the offer was well below the general level of settlements in the English clearers, which was 15-17 per cent new money.

Rossminster wins appeal bid

An appeal against a High Court ruling on Wednesday that the seizure of documents belonging to bankers Rossminster was not "an abuse of power" by the Inland Revenue, is to be heard as a matter of urgency by a specially convened Court of Appeal.

Appeal Judge Lord Justice Megaw yesterday granted Rossminster an order certifying that the appeal against the High Court refusal to quash the warrant under which the documents were seized, was sufficiently urgent to make it fit for hearing during the Law Vacation which lasts until the end of September.

Mr. Andrew Bateson for Rossminster, said the seizure of documents had made it almost impossible for the company to continue in business.

He told the judge that the warrant on which the Revenue acted had been issued to allow the collection of evidence for use in possible criminal proceedings against persons other than Rossminster.

Lord Justice Megaw said the Appeal Court might have to consider whether the appeal should go straight to the House of Lords.

Rates reprieve for Meriden

Coventry City Council finance committee yesterday agreed to allow extra time for the Meriden Triumph motorcycle co-operative to pay a rates bill of over £70,000.

The co-operative's unpaid chief executive, Mr. Geoffrey Robinson, Labour MP for Coventry NW, said he was grateful for the understanding of creditors. He was more hopeful of securing a business partner to save the company's future.

● NEWS ANALYSIS—THE CRISPS AND NUTS BATTLE

Why KP is making a meal of sales figures

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

KP FOODS, the United Biscuits crisps, nuts and savoury snacks subsidiary, claims to be winning the battle for dominance of the fast-growing snacks market, worth about £324m a year.

In a special market review published yesterday KP announced that Ministry of Agriculture data on the size of the total snacks market shows it has the largest market share.

Not surprisingly, such claims are almost certain to raise the hackles of its close rivals—the Imperial Group's Golden Wonder subsidiary, Smiths Crisps, recently taken over by Associated Biscuits Manufacturers, and the U.S.-owned Walkers.

All three companies have in the past claimed either overall market leadership or dominance in particular sectors of the snacks market. Yet the bitterness of the in-fighting shows just how willing food manufacturers are to do battle for a share of a growth market at a time when the overall food sector remains depressed. While in value terms food sales continue to rise because of inflation, in real terms the volume of food sold—in spite of a slight recovery late last year—still remains below the level reached in 1971.

The snack market, on the other hand, has doubled in value over the past five years to reach £324m last year. Even allowing for inflation this includes substantial volume growth.

This makes the snacks market substantially larger than the total UK coffee market—and only half the size of other established food markets such as biscuits or frozen foods. From being a fringe food sector, the snacks market is being considered by City analysts and others as a sector well worth watching.

The market is divided into three sectors according to definitions laid down by the Ministry of Agriculture. These are the traditional crisps market, where whole potatoes are sliced and fried, the newer savoury snacks market based on processed potato or cereals, and the nuts market.

The main reason for the volume growth in the overall market—and the cause of the fierce marketing battles in recent years—has been the upsurge in demand for savoury snacks. These—such as KP's Outer Spacers, Smith's Monster Munch, and Golden Wonder's Wotsits—have grown in value from £22m in 1974 to £59m last year and are forecast to top £100m by the early 1980s.

Demand for savoury snacks took off in the mid-1970s when risingpotato prices forced up the price of traditional crisps. Savoury snacks, however, were less affected by raw material price rises at home since alternative supplies of processed potato could be obtained abroad.

The better value of savoury snacks was especially important since they largely appeal to children and young people whose incomes are limited.

Thus the snacks producers embarked on heavy advertising of savoury snacks aimed at the child market. (Total snacks advertising and promotions last year reached £6.8m). Savoury snacks offered more enticing quick food than even some of the newer flavours of ordinary crisps, such as gammon and pineapple.

For the manufacturers the advantage of savoury snacks was that they offered higher profit margins since raw materials prices were less likely to fluctuate according to the weather.

In fact the high quality and profusion of the potato harvest last year—allied to new plant investment by some of the major producers—has meant a resurgence in growth for the traditional crisp sector. In volume terms this grew by 9.5 per cent last year, and by value, the growth was 11.6 per cent to reach £209.7m.

KP estimates that the revival in growth prospects for crisps will see an 8 per cent surge in sales this year.

Only the nuts market lost ground last year with a 7 per cent volume drop and only a 1 per cent value growth. This was the first drop in growth in six years and reflects consumer resistance to higher prices caused by rising raw material prices and the poor performance of sterling in recent years.

The impact of inflation, rising raw material costs, and changing tastes in consumer demand (especially those appealing to children and induced by advertising) have all led to the multiplicity of statistics and figures for market shares throughout the 1970s.

Consequently, KP and others were able to work out with the Ministry of Agriculture a generally-agreed data-base of the total size of the snacks market. Last year was thus the first full year when snack food industry statistics were collated by an independent source.

Mr. Barry O'Connell, marketing director of UB (Foods), which operates KP Foods, said yesterday that "on the basis of these figures and analysis of the 60 per cent of the market which is monitored by an independent research organisation (Nielson), it is clear that KP is clear snack food market leader, and has been so for two years."

KP says it has 25 per cent of the total snack food market, with Smiths in second place with 23 per cent, then Golden Wonder with 21.5 per cent. Walkers has 14.3 per cent and other manufacturers (including own-label brands) have a total of 16.3 per cent.

However, Smiths last market share figures show it as the market leader with 24 per cent, Golden Wonder in second place with 22 per cent, and KP third with 20 per cent.

But KP points out that with its larger sales force, it is able to reach more effectively the 40 per cent of the trade not covered by the Nielsen research.

Although the multiple grocers form the largest retail outlet for snacks—44 per cent of sales last year compared with 39 per cent in 1974—KP claims it is more effective in reaching confectioners (14 per cent of the retail market) pubs (19 per cent) and off-licences (5 per cent). The other major outlet is cash and carry, which accounts for 21 per cent of sales.

The future for the overall snacks market seems certain to stay bright, given the clear consumer trend to "fast foods" and snacks. KP suggests that £500m would be a realistic total market sales figure by 1983.

Gallaher delays Ulster plans

By Our Belfast Correspondent

GALLAHER, the tobacco group says work on parts of a £15m investment programme for its two Ulster factories will be delayed. It blames the effects of the road haulage strike and a seven-week strike by its own production workers in Ulster earlier this year.

The company said its markets had been "disturbed" and it would be some time before the full effects could be assessed. A rationalisation of its Belfast operation will be held up, as will further capital investment at its Balymena plant.

Miners' scheme

OWING TO a misprint the news analysis on the National Coal Board in yesterday's FT read that the miners' incentive scheme had "showed a deterioration." This should have read "slowed a deterioration."

Mersey docks still idle

AN UNOFFICIAL dock strike on the Mersey, halting freight traffic between Liverpool and the Irish ports of Dublin and Belfast, is to go on into its fourth week.

The 250 dockers, whose action has halted the coastal section, took just 20 minutes at a lunchtime meeting yesterday to vote to stay out.

The do not meet again until next Friday.

The meeting had been put back for an hour while fresh talks were held between the Port Employers' Association and the Transport and General Workers' Union.

Stewards eventually reported that no more money was available. The men want an extra £2.50-£3.00 a day for weekend work, to give them parity with other dockers.

The British and Irish Line has already announced that it will switch its Dublin freight traffic from Liverpool to Fleetwood in October.

P & O Ferries has warned of long-term losses of cargo trade on its Belfast operation.

Health workers fight cuts

BY OUR LABOUR CORRESPONDENT

SHOP STEWARDS representing health service workers in Lambeth, Southwark and Lewisham threatened a campaign of "active non-co-operation" yesterday in protest against the Government's decision to strip the area health authority of its powers.

"We will use every lawful means at our disposal to oppose cuts," the Confederation of Health Service Employees shop stewards said. "If any of our members are asked to close a hospital ward, they will not do it."

Mr. Patrick Jenkin, Social Services Secretary, decided this week to appoint commissioners to run the Lambeth, Southwark and Lewisham health services after the area authority refused to impose spending cuts.

The National Union of Public Employees called upon another the City and East London health authority yesterday to follow Lambeth's example and refuse to implement cuts of £4m.

THE WEEK IN THE MARKETS

Reviving dormant deals

LONDON

ONLOOKER

Takeover bids and frolics in the currency market provided the main sources of excitement in London this week. Hanson Trust is having another crack at Lindustries two years after its initial effort failed, and Eagle Star is coming back for Sunley nearly six years after its first bid overtures.

In the foreign exchange market, a very sharp reaction in sterling on Tuesday was not sustained later in the week—but this reminder that the pound can go down as well as up brought some relief to the sectors which have suffered most from its strength. Insurance brokers dominate the list of top performing shares over the week, while others to do relatively well include Acrow, BAT and Unilever.

The market as a whole continues to drift in slack trading conditions. The All-Share Index has traded between around 240 and 250 since mid-June, and is now at the bottom of that range. Gilt-edged securities have recovered from Tuesday's upset and by the end of the week were showing small gains.

Crude cutbacks

BP had a rude shock this week when the Nigerian Government announced the nationalisation of the group's interests in Nigeria. The take-over of the small local oil product distribution business was not serious—but the grab of its stake in the crude oil production interests jointly owned with Royal Dutch/Shell was another matter. For it cut BP off from an invaluable supply of around 12m tons of crude at an annual rate.

Traditionally a company long of crude, so that it has run a very large business in sales of crude oil to third party customers around the world, BP is now in danger of becoming crude short. Before the Iranian crisis the group disposed of around 80m tons a year of crude on top of the 100m tons or so needed in its own integrated operations.

By July availability of crude had fallen to the extent that BP was only supplying 22 per cent of contracted volumes to third parties. Now further cutbacks are inevitable, but these could be difficult bearing in mind that BP is now down to a hard core of third party business which included a substantial volume of North Sea oil supplied to the British National Oil Corporation under participation arrangements.

There is a possibility that BP will be forced to buy crude at very high prices on the spot market, a move that might damage profits significantly. But the BP share price has steadied in the latter part of the week after a 35p markdown on Wednesday which left it about a tenth off its peak earlier this year.

The reasoning is that BP is making such big profits out of the North Sea and elsewhere that it can absorb the Nigerian damage—the Nigerian earnings are likely to have been running at much less than a tenth of the total, and anyway have been regarded as of very low quality by investors.

Eagle swoops

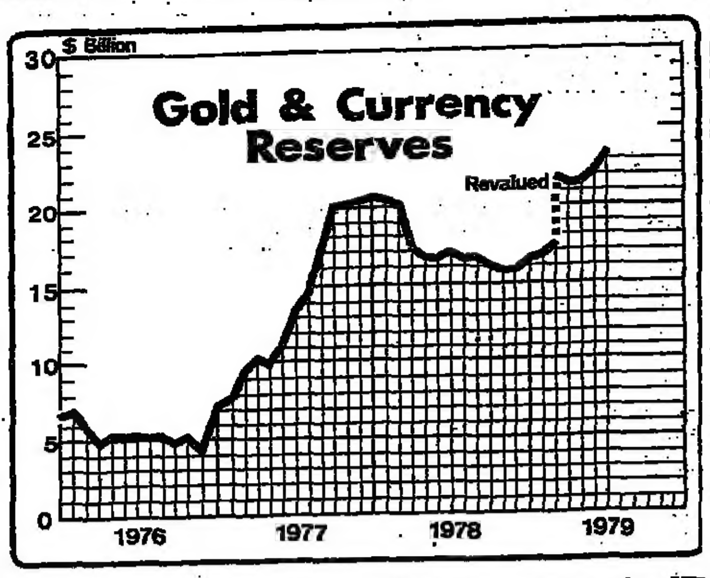
News that Eagle Star is renewing its bid talks with Bernard Sunley nearly six years after its first round of talks sent Sunley's shares winging up on the stock market this week. They are now well over 450p, which is a far cry from last year's low point of 170p. It is not just the bid approach that has transformed the share price. There has also been a big rise in London property values—gains of a third and more have been reported for blue chip portfolios like Sunley's—and the company itself has taken some important steps to put its own house in order.

A big office block in Brussels has been sold, bringing substantial interest savings. The troublesome housing business has been largely farmed out to Wates, under a management contract. And the sale of the biggest skeleton in the cupboard, the Isola 2000 ski resort in the South of France, was finally completed this week. The day after the deal was signed, Eagle Star made its move.

The chances are that the two sides will reach a friendly agreement. There have long been close links between them—Eagle Star has owned a third of Sunley's shares since 1961—and if it had not been for the collapse in property values in 1974, they would have merged years ago. However the talks are going to be complicated, and are bound to take time.

As part of the deal, the Sunley family are buying out the company's construction business. To do this, substantial inter-company debts will have to be unwound, and there are also a number of properties in the construction business that will probably be transferred to the mainstream business. Up to date valuations will have to be made of all Sunley's assets. Terms are unlikely to be finalised until October at the earliest.

What is the right price for Sunley in the meantime? On the basis of valuations made in March 1978, its net worth after allowing for losses on the French disposal is 352p per share. Some analysts say that at to-day's property values the figure is roughly 500p per share. They may well be right, but the shares should stand at a discount to this figure to allow for the time delay and the risks of the negotiating table. They are probably high enough.



Tin soldiers

The £4.2m bid for Berwick Timpo, the toy company, by a group of shareholders led by Mr. Torquil Norman, the former chief executive, has all the ingredients for a city dogfight. Behind it is a bid by Mr. Norman, who resigned in May for undisclosed reasons, to oust Mr. John Oakley, the present chairman, and return to the board.

The bid was triggered after Caparo Investments, Mr. Norman, Charterhouse Japhet and others lifted their combined stake above 30 per cent, the point at which an obligatory take-over must be launched.

But the bid, it appears, is not a serious one. Mr. Norman agrees with Mr. Oakley that the 75p per share cash offer is "derisory" but says it has been made to requisition an extraordinary meeting at which shareholders will be asked to replace the board. Mr. Norman has been associated with Berwick since 1964 and his supporters feel his patronage should continue.

Broking cover

Shares of Brentnall Beard (Holdings), the insurance broker with Lloyd's of London interests, fell 4p to 16p on Thursday following the announcement that an important non-Lloyd's broking subsidiary had been sold to Hogg Robinson Group in a deal worth a maximum of £1.6m.

The stockmarket was unimpressed because it felt that Hogg Robinson, a major publicly quoted insurance broker, had pulled off a rather good deal—at the expense of Brentnall.

Hogg is acquiring the UK operations of Brentnall covering general insurance broking and life and pensions business. The brokerage of the operations for the financial year to September 30, 1978 amounted to £1.16m.

These operations have been uninvolved in the events leading up to £10.6m of the Sasse syndicate's losses. The troubled subsidiary involved in that affair, Brentnall Beard International, remains with Brentnall. But for the moment the cash improves the liquid position of the group a little, and gives it breathing space.

Hanging on

Sterling's setback during the week will have awoken faint hopes that Hoover's underlying second quarter improvement will accelerate. Powerful Italian competition has been enhanced by the pound's recent invincibility but Hoover is hanging gamely on to market share and has maintained 30 per cent of the washing machine market.

If currency problems were not enough, profits have also been affected by higher than budgeted redundancy costs of £1.6m in the first half and industrial disputes which probably clipped profits by a further £1.5m.

The second quarter loss was stated at £362,000 which compares with a £619,000 deficit in the preceding three months. At the trading level, however, the improvement between the first and second quarters works out at around 50 per cent to £1.3m if the effects of redundancies and exchange losses are excluded.

Hopes in the second half are pinned on a dealer restocking phase after the Budget boom and the chances that the income tax cut in October will prompt another consumer spending spree.

Corsets and girdles

NEW YORK

JOHN WYLES

CORSETS, one is advised, are the prerogative of middle aged ladies anxious to contain a superfluity of fatty tissue in the interest of presenting a more glamorous profile to the world. In recent years, of course, the corset has crept into financial vocabulary, thus the Bank of England administers a "corset" which effectively prevents British bank lending from spilling over into unacceptable proportions. To the best of knowledge the Federal Reserve Board has nothing to do with girdles (corsets in America) but the U.S. stock market does.

Since early May, the market has, in fact been wearing a corset. It cannot be seen, but its dimensions can be clearly delineated. It is designed, apparently to prevent the Dow Jones Industrial Average rising much above the 850 level. Whenever prices start to test the elasticity of this corset, they trigger sufficient volume of selling orders to restore the integrity of this form of passive restraint.

The market has been living fairly comfortably within its confines since early May, but in the past few days has started to breathe heavily as it pushed against the outer limits. Wednesday's modest spillover was followed by Thursday's correction as though investors were startled by their own indulgence.

Why is the market apparently chafing and feeling uncomfortable with a size 850. In broad terms the answer appears to be that it believes the bad news about unsettling changes in the administration, economic decline, inflation, the dollar and sundry other disparate developments is behind it. Take, for example, its reaction on Thursday to a leaked report of an internal administration study which predicts that the recession will be deeper than officially predicted just a month ago, and the recovery next year much slower.

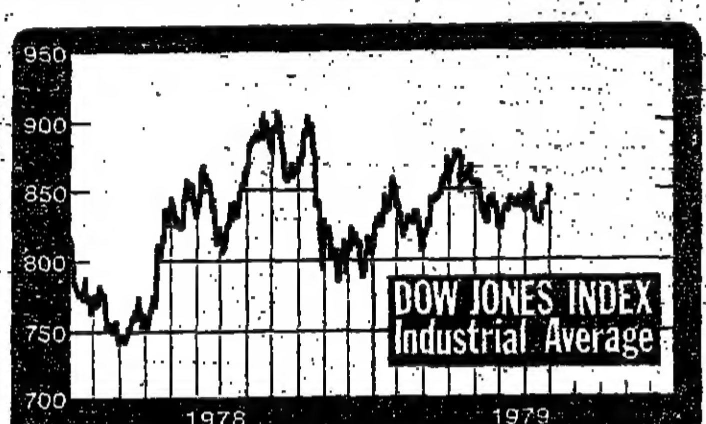
The fact that the Dow lost a couple of points is deceptive. Gainers held a three to two edge over losers all day in a rather coquettish market. The market chose to differ from the Administration's allegedly gloomy view presented in the columns of the *New York Times*. "The Government's track record is so lousy that nobody is paying attention to this morning's news," said one analyst. Trading volume of more than 37m shares and 537 trades of blocks of 10,000 shares or more does appear to indicate a certain insouciance.

But also a forgetfulness that when the administration gets the economic outlook wrong, as indeed it does very often, it errs on the side of optimism about inflation and economic growth. So if the administration's internal documents are sounding alarm bells and trying to warn the powers that be that the economic future looks worse than they have been told to expect, past experience dictates that it may be much worse.

For the moment, the market is pinning its colours to a forecast of a mild recession which though it may bring a peak to trough plunge of 25 per cent in corporate profits, will not be long lasting nor especially damaging. Investors are however positioning themselves for a slowdown by moving away from consumer oriented, recession sensitive stocks into capital goods industries, banking, and oils and oil services.

CLOSING INDICES

	Close	Change
Monday	838.74	−1.02
Tuesday	846.42	+7.68
Wednesday	850.34	+3.92
Thursday	847.95	−2.39
Friday	846.16	−1.79



MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1979 High	1979 Low	
Ind. Ord. Index	457.5	− 0.7	558.6	446.1	Lack of incentive
Gold Mines Index	146.7	−12.1	208.4	129.9	Sharp fall in bullion price
BP	1,175	−35	1,295	882	Nigerian oil assets nationalised
Berwick Timpo	79	+ 9	80	63	Charterhouse Japhet bid at 75p
Bestobell	220	+ 8	220	128	Increased bid from BTR
Brady Industries A	51	+11	66	39	Strong profits recovery
Cableform	64	−10	75	61	Fall in annual profits
Govett European	64	+12	64	52	Mooted unitisation plans
Grindlays	91	−19	152	91	Disappointing interim results
Hillards	350	+22	350	206	Annual results please
Lex Service	93	+ 4	119	72	Sharply increased profits
Lindustries	139	+ 9	153	115	Hanson Trust bid at 135p
MK Electric	225	−25	280	200	Profits warning
Oil Exploration	360	+22	368	210	Bid hopes
Pacific Copper	96	+14	120	58	Speculative buying
RTZ	272	+17	362	226	Shortage of stock
Reed International	165	+ 8	199	149	Good 1st-½ figures
Silvermines	58	+ 8	61	36	Rumoured oil find
Stylo Shoes	196	+24	196	66	Asset value considerations
Wearwell	39	+ 9	40	25½	Good annual figures

U.K. INDICES

Average week to	Aug. 3	July 27	July 20
FINANCIAL TIMES			
Govt. Secs.	72.55	73.47	73.18
Fixed Interest	73.65	75.05	74.46
Indust. Ord.	455.0	463.6	472.8
Gold Mines	150.6	160.2	164.9
Do. (Ex $ pm)	138.6	148.6	152.8
T'tl. bargains	15,101	16,004	16,053
FT ACTUARIES			
Capital Gds.	234.43	240.08	242.16
Consumer (Durable)	222.38	226.25	227.39
Cons. (Non-Durable)	229.37	231.07	233.50
Inds. Group	228.02	231.25	234.05
500-Share	261.24	264.81	268.41
Financial Gp.	181.75	185.80	191.74
All-Share	238.32	241.71	245.82
Red. Debs.	58.18	58.80	57.83

A time to wonder—where do we go from here?

MINING

KENNETH MARSTON

THESE are the dog-days, a period associated with heat and lethargy when most of us wish we could have taken the advice of the old Stock Exchange adage, "Sell in May and go away." Certainly, many mining shareholders must be feeling this way as they grapple with the problem of anticipating the outlook for the rest of this year for metals, both base and precious.

The price of gold has reacted this week, as the market was saying it would, but there has been no real weakness. The feeling is that there could be a further decline but this should be followed by a resumption of the upward trend because the factors which have led to the past rise remain intact.

Meanwhile, buyers have stayed out of the gold share market, waiting to move in again after the current period of uncertainty. When they do, we could see a sharp advance in share prices which are not overvalued at current levels. Significantly, perhaps, there has been no heavy selling of shares despite the market's rather disappointing performance in recent times.

The outlook for base-metals after their earlier recovery this year is probably more obscure. We are still living in a phase of euphoria as far as company results for the first half of the year are concerned. The transatlantic companies, in particular, continue to report dramatic increases in earnings from the depressed levels of a year ago.

Rio Tinto-Zinc's Canadian Lornex, for example, has made a net C$15.8m (£5.9m) in the 1979 first half from its copper-molybdenum operations compared with only C$2.72m in the same period of last year. America's Freeport Minerals has reported earnings for the same periods of $47.6m (£21m) and $14.7m respectively.

A point that needs to be borne in mind about these transatlantic companies is that their revenue from metal sales has been given an extra fillip by the weakness of the U.S. and Canadian dollars: in other words, because the value of their money has fallen they have received more of it for their metal.

This is shown in the accompanying graphs. Taking the price of copper at the beginning of this year and that now ruling, they show that the U.S. producer quotation has risen by a net 20 per cent and the Canadian price has gained 15.7 per cent. The London price of copper, in terms of relatively strong sterling, has increased by only 5.5 per cent.

We now have a conundrum in that the near-term outlook for the U.S. economy points to little improvement in demand for metal, thus tending to depress prices, whereas there appears to be little hope of any major improvement in the dollar to reduce the exchange gains. On balance, however, it looks as though the U.S. mines are in for a less prosperous second half.

Moving to South Africa we come to **Anglo American Coal Corporation** and there is no doubt where this group's earnings are going. The answer is "up" and it has been given by the directors this week: "Earnings for the year as a whole should show an improvement at least equal to that experienced in the first half of the year."

Ironically, on the same day that the National Coal Board announced a year's loss of £19.4m, the Amcoal directors were reporting a 24 per cent advance in half-year earnings to R32m (£16.9m) and an increase in the interim dividend to a 4.5 times' covered 30 cents (15.8p) from 24 cents: the previous year's final was 48 cents.

The group is still only getting into its stride with a planned coal output for this year of 30m tonnes on the way to an eventual 100m tonnes or so. The bulk of production goes to the South African market, but the much more profitable export proportion should increase now that the handling capacity of the Richards Bay export terminal has been increased.

But not all is well with the overseas coal producers despite the big opportunities being presented to them in this energy-hungry world. The Australians, for example, still have to live with the country's coal export levy which, much to their annoyance, has been extended beyond the earlier-promised cut-off date of June 30 last.

This impost was a factor in the slump in half-year earnings reported this week by the giant Clutha Development. They have dropped to A$487,000 (£243,500) from A$12m a year ago, more severe adverse factors being a seven-week dock strike and demurrage charges on delayed shipments. Furthermore, the port congestion continues and it is unlikely that the lost sales tonnage will be made up this year.

This news has been a bitter pill for **British Petroleum** which purchased Clutha in two steps (early in 1977 and in mid-1978) from the **Daniel K. Ludwig** group for some £213m.

It has been all the more bitter for coming on top of Nigeria's decision to nationalise the BP oil interests there — a move, incidentally which is hardly likely to improve the already slim chances of developing countries attracting overseas mining capital.

Also in Australia, the Rio Tinto-Zinc group's big **Hamersley** iron ore complex has done very well in the 1979 first half, despite the strike which closed down operations on May 24. Thanks to a good increase in production before the strike began coupled with slightly higher iron ore prices (in U.S. dollars) first half net earnings have risen to A$15.1m from A$11m.

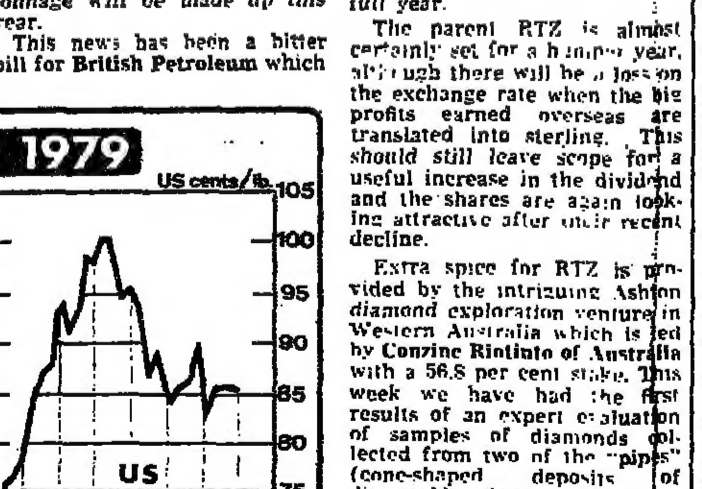
Yesterday, the Hamersley men voted to return to work. If all goes well — and this is by no means certain in Australian labour relations, particularly at the iron ore fields — Hamersley has a fighting chance of making higher profits for the full year.

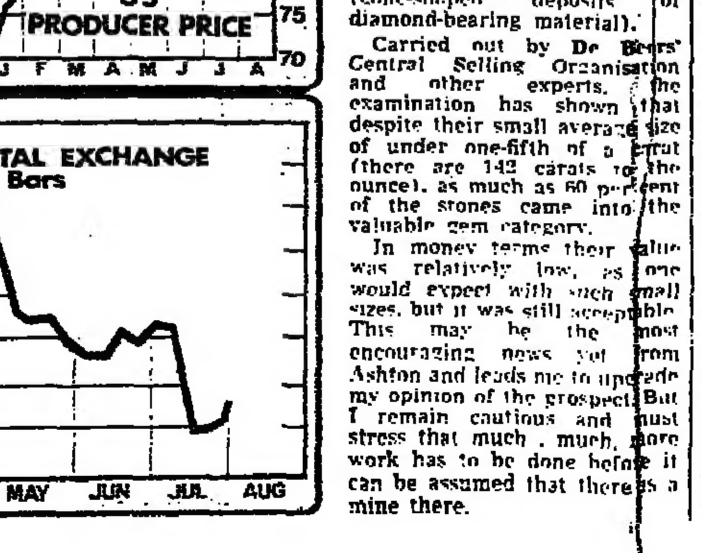
The parent RTZ is almost certainly set for a bumper year, although there will be a loss on the exchange rate when the big profits earned overseas are translated into sterling. This should still leave scope for a useful increase in the dividend and the shares are again looking attractive after their recent decline.

Extra spice for RTZ is provided by the intriguing Ashton diamond exploration venture in Western Australia which is led by **Conzinc Riotinto of Australia** with a 56.8 per cent stake. This week we have had the first results of an expert evaluation of samples of diamonds collected from two of the "pipes" (cone-shaped deposits of diamond-bearing material).

Carried out by **De Beers'** Central Selling Organisation and other experts, the examination has shown that despite their small average size of under one-fifth of a carat (there are 142 carats to the ounce), as much as 60 per cent of the stones came into the valuable gem category.

In money terms their value was relatively low, as one would expect with such small sizes, but it was still acceptable. This may be the most encouraging news yet from Ashton and leads me to upgrade my opinion of the prospect. But I remain cautious and must stress that much, much more work has to be done before it can be assumed that there is a mine there.





Russia looks for grain

GRAIN

JOHN EDWARDS

THE NEWS that the Soviet Union had been given permission to import 10m tonnes more of U.S. wheat by September, 1980, had as much impact on world grain market prices in Chicago as a slap with a wet lettuce. Never had the old market adage of "buy on rumours, and sell on facts" been proved more true.

The reason for the lack of market reaction was that the announcement came as no surprise at all. Chicago prices have long since moved up in anticipation of the Russians having to buy considerable extra quantities of grain.

It became obvious some months ago that because of bad weather the Soviet Union was going to have a bad crop this year, especially when compared with its record grain harvest of 237m tonnes last year.

The U.S. Department of Agriculture, which has a good record of predicting Soviet harvests reportedly aided by the use of sophisticated satellite "spy" techniques, three weeks ago estimated the Soviet crop at a lowly 185m tonnes. Simple arithmetic made it plain that a steep rise in imports would be required unless there was to be a drastic cutback in the Soviet livestock herds and, thereby, the country's standard of living.

The rise in livestock numbers to fulfil the growing demand for meat in the Soviet Union means that the Russians are faced with an increase in grain consumption that they simply cannot meet from domestic production.

Although there is plenty of grain available in the world the amount that the Soviet Union can import is limited by the quantity that can be physically handled and, of course, the enormous cost involved in buying large tonnages.

It is estimated that the maximum amount that can be handled by the Soviet ports is 30m tonnes a year—and this may be somewhat optimistic. Although the Russians revealed yesterday they had concluded a large wheat deal with Canada, the bulk of purchases must come from the U.S., by far the world's biggest grain exporter, especially of maize.

The two other major grain exporting countries, Australia and Canada, are both facing shipping problems. Ships transporting the high quality Canadian wheat purchased by UK millers, are reportedly having to wait up to seven weeks at Thunder Bay to be loaded with their cargoes at the moment. There are similar delays, if not worse, in Australia where the ports and transport system has been crippled by a series of industrial disputes.

Although the market reaction to the Soviet grain imports rise was subdued, this was only because it had already been discounted. Russia's need to import grain on this scale is, of course, vitally important.

For a start the massive grain purchases by the Soviet Union, and China, have transformed the world grain picture, from heavy surpluses to reasonable supply/demand balance. The main beneficiary is the U.S., which as the world's major grain exporter, was faced with a build-up of huge costly surpluses. The rise in grain prices that has already taken place is a very welcome shot in the arm for U.S. farmers, the ancillary industries attached to agriculture and the Administration which has a commitment to support farmers that could have been extremely expensive. Instead the U.S. will earn a considerable amount more from its important agricultural exports—one of the mainstays of the economy.

It is often pointed out that the real depression in the U.S. during the 1930s was a result of both industry and agriculture being hit. There is much less danger to the U.S. economy while farming remains reasonably prosperous.

The fact that the Administration has decided next year to scrap the "set aside" programme for wheat, used to restrain production by encouraging reduced plantings, suggests that it is confident U.S. farmers will be able to maintain grain exports at a high level. This confidence is mainly based on the belief that the Soviet Union, and possibly China, will be big regular buyers of grain in future years. It assumes that any cutback in the Soviet livestock population will be restricted to as little as possible to placate a human population requiring improved standards of living.

A rise in U.S. grain prices affects the rest of the world, even the highly protected EEC which is a big importer of maize.

But the main impact, of course, will be felt by the Soviet Union having to find ways of paying the huge extra import bill. Current export prices are roughly $180 a tonne for wheat and $125 for maize, to which freight costs of around $30 have to be added.

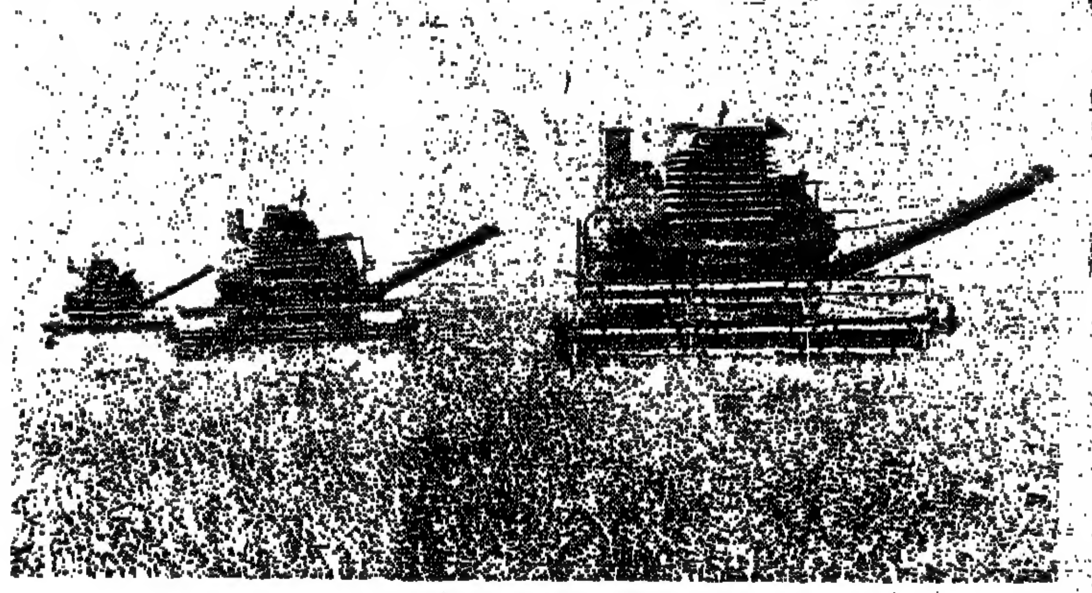
The question is how the Russians, and the other Communist bloc countries which are likely to require extra grain imports this year, are to find the money to pay. In the commodity markets, the Soviet Union has been a big buyer of lead (pushing prices up to record levels) and other non-ferrous metals. It has cut back exports of platinum and nickel, although sales are now believed to be resuming on a bigger scale again. If the bad weather that affected the grain harvest also hit other agricultural crops, Russia may have to buy sugar and cut back exports of cotton.

So the main two sources of revenue left are diamonds and gold. The Russian earnings from diamonds are shrouded in secrecy. But there was a boom market for diamonds, which has cooled off this year.

The Soviet Union must also have benefited considerably from the surge in the gold price to over $300 an ounce. Its sales last year were reported to be at the highest level for 15 years. The apparently insatiable demand for gold this year from investors, worried by the decline in the dollar, should have enabled sales to be stepped up still further. But there is a limit to how much the Russians can sell, even if they have the supplies, without undermining the market and bringing a sharp decline in prices.

There does not, however, appear to be any prospect that the Soviet Union can do much to reduce its need for grain. The great efforts to boost agricultural production have, so far, mainly ended in humiliating failure to match the growth in domestic demand.

If this pattern continues, as seems likely, the Soviet Union is likely to become more and more dependent on the U.S. for grain supplies with considerable economic and political repercussions.



Russians at harvest.

FINANCE AND THE FAMILY

Advancement for Education

BY OUR LEGAL STAFF

Some years ago I formed a trust for my grandchildren *to provide for their* further education at university or otherwise. Some of the cash which has accumulated from interest received is now required for this purpose, but I am now informed by the trustee that the only payments permitted are those which have been received as interest within each fiscal year, and the residue, which is considerable, cannot be paid out to the beneficiaries until they have attained the age of 21, at which time they also become entitled to the *capital also*. Is this correct?

Unless the trust is drawn in a most unusual form what you have been informed is not correct. For there should be power under Section 32 of the Trustee Act 1925 or an equivalent express provision to make advancements for the education of the beneficiaries within the term "advancement or benefit."

House in joint names

I am considering putting a house have recently bought into joint names, the other party not being my wife. The house has a large mortgage:

(a) Would I be able to continue to claim tax allowance on the mortgage?

***(b)* If I accept money for the other party's share, ought there to be a realistic valuation, or if not could it be considered a gift and subject to Capital Gains Tax?**

(a) Yes, as far as we can tell from the bare facts given. You should ask your tax inspector for a copy of the free booklet R11 (Tax treatment of interest paid).

(b) Yes, the grant of a half-interest in the house (whether as joint tenant or as tenant in common) will constitute a gift for CTT purposes. If the house *has already* been *conveyed to* you, there will be stamp duty on the reconveyance, of course. We suggest you consult the solicitor who acted for you in the purchase of the house.

Cottage transfer to children

On June 2 (under "Cottage transfer to children") you *referred to a liability* to capital gains tax in such cases. Having set up a declaration of trust for sale, is it then possible for the parents *to sell* the property and reinvest in another? In the event that the second property is purchased for less than the amount of money already transferred to the children, would the excess have to be passed to them as cash?

The trust will not constitute "settled property" as the beneficiaries will be absolutely entitled as against the trustees. Hence there will not be a disposal on the creation of the trust, but there will be disposals of part on the occasion of each assignment or transfer. A sale and re-purchase of the whole subject matter will be a disposal of the whole.

Picture for sale at auction

If I sell a picture collection at auction am I liable to any type of tax?

If the price of a picture or set exceeds £2,000 (before deduction of the auctioneer's commission etc.), you will be liable for capital gains tax. It will be worth your while to spend £2.97 (at current postal rates) on a copy of the Capital Gains Tax Act 1979 from HMSO, PO Box 569, London, SE1 9NH: the price at bookshops is £2.75 (ISBN 0 10 541479 4).

Determination of Residence

I work and have property abroad, and pay UK tax on a pension. I have some funds in Britain and on retirement wish to transfer this money to East Africa, Canada or Belize. How would the provisions for capital transfer apply to me? If a person takes emigration treatment and emigrates and later sells landed property in Britain, what Capital Gains Tax and Capital Transfer Tax regulations would apply and could the proceeds be transferred abroad?

You have not given us enough facts for a really helpful answer, but you should find the answers to your exchange control questions in the Bank of England's free "Guide for Emigrants," which your UK bank will be pleased to send you. (It is not obtainable direct from the Bank of England.)

If the contract for the sale of the land is signed after you cease to be resident (and ordinarily resident) in the UK, for income tax purposes, there should be no capital gains tax liability, but there could possibly be a liability to development land tax. Residence for income tax purposes is determined quite independently of one's residential status for exchange control purposes, so emigration treatment has no direct bearing on your tax position. You may like to read the free Inland Revenue booklet IR20, "Residents and non-residents: liability to UK tax," which is obtainable from the Public Inquiry Room, Somerset House, Strand, London, WC2R 1LB.

An additional pension

As the unions involved in the company for which I work will not discuss additional voluntary contributions for retirement pensions, I am inquiring as to what can be done by an individual through an insurance broker or company. Could you confirm that this can be done and let me know of any organisation that would accept this and enable me to claim tax relief on contributions paid?

Although you may have read about insurance brokers and insurance companies being involved in the provision of additional voluntary contributions they do so as a service to members of company pension schemes and their employers. To qualify for the tax treatment of pension contributions any additional voluntary contribution scheme must be operated by the employer even though the employer may be in a completely neutral position, that is his sole function is to deduct contributions and to pass them to the insurance company which will invest them in a special tax free fund on your behalf.

Most employers are willing to offer this facility although many use a separate self-administered or unitised fund as opposed to an insurance scheme if they consider that this will give the employee better value. Their only concern is normally that of wanting to be sure that a reasonable number of employees will actually pay voluntary contributions otherwise they regard the administrative costs of setting up this facility as outweighing the potential benefit to employees.

Wall rebuilding

● With reference to our reply under Insurance and a wall (21 July) we have been advised by The Commercial Union Assurance as follows:

"The reply referring to the rebuilding cost of the buildings has been taken to apply to the cost of the claim. In fact it applies to the full rebuilding cost of the whole structure at the time of the claim."

Enclosed was a policy from the relevant part of which reads: "excluding the first £250 or, if greater, an amount equal to 3 per cent of the full rebuilding costs of the Buildings at the time of repair or reinstatement. This exclusion applies separately to each and every loss or damage."

● The address of the Company Pensions Information Centre should be 7 Old Park Lane, London W1, not 700 Park Lane, as was stated here on July 28.

Husband and wife partnership

In 1961 I bought a business, paying £7,000 for goodwill and lease, and in 1968, bought the freehold for £7,900. On October 1, 1979, I made my wife a partner in the business in which she had been working as an employee. In June last year on reaching age 65 and my wife 60, we sold the business, which realised £45,000 (goodwill £23,500, freehold property £20,000 and fixtures £1,500). Now an assessment on my wife of 30 per cent on a £10,816 capital gain on the sale has been received. Do you consider an appeal could be worthwhile?

Presumably the premises were held in your name only and the contract for the sale of the freehold interest was signed by you as sole beneficial owner (whereas the contract for the sale of the goodwill was signed on behalf of the partnership). That being so, there may be some scope for gaining concessional treatment of the gain on the freehold, despite the fact that it was not a partnership asset: your accountant will know of the Revenue practice in this situation. The goodwill must be a partnership asset and we can see no grounds for denying that your wife acquired an interest in the goodwill when the partnership was formed: the usual CGT rules for husband-wife transfers will operate (both on October 1, 1975, and in June 1978).

If you are interested in the complexities of partnership taxation, you might like to buy or borrow a copy of Mr. Edward E. Ray's "Partnership Taxation" (2nd edition, 1978, published by HFL at £10; ISBN 0 372 30015 X; Chapter 17 and paragraph 1.8 of chapter 1) should help you to find your way through the maze.

Returning to England

My husband and I, who are now living in Malta, are proposing to return to England, where at present we have external accounts, to live. In the meantime I have let my son have a sum of money to buy a building to use as a school, in return for which he says he will pay me £1,600 a year. Ought we to have a formal agreement? Should a company be formed? Should we put this £1,600 into a Swiss account?

It is likely to be to your son's advantage, as well as to your own, that the terms of the loan be set down in writing. You need professional guidance through the pitfalls of capital transfer tax (since presumably you and your husband are each domiciled in England and Wales) and the UK tax anti-avoidance laws, as well as UK exchange control, so your best move is probably to consult an English solicitor.

It is unlikely to be a good idea to form a company, because of the UK tax pitfalls.

Once you become resident in the UK for exchange control purposes (as distinct from tax purposes), you will almost certainly have to close your oversea bank accounts—and it may well be wise to close them before you become resident here for capital gains tax purposes. In the meantime, however, the choice of where to have your bank account is largely up to you.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

The question of owners and keepers

INSURANCE

JOHN PHILIP

AT THE beginning of the week a lot of legal dust was stirred by the reports that a Mr. Barry Pamplin of Leyland, Lancashire had hit upon the device of having his car registered in the name of his six-year-old son, thereby avoiding the many parking tickets that came his way. This is because the law seemingly fixes the keeper with responsibility, and a child under 10 years of age can have no such criminal responsibility Later in the week doubt was being cast on the existence of this legal loophole and motorists thinking of following in Mr. Pamplin's footsteps were advised to wait until the position became clearer.

In one of the reports Mr. Pamplin was recorded as saying that he had told his motor insurers of the registration and they had confirmed it would make no difference to his motor insurance—at first sight perhaps a surprisingly complacent view of the situation.

But it seems that quite a lot of motor insurance is provided, when insurers are well aware that the owner is not the registered keeper. Commonest is the arrangement by firm or company which buys, repairs and replaces its private cars and insures these cars as a fleet but nevertheless has each of the cars registered in the name of the employee who regularly drives the car.

When you buy a new car you get, within a few weeks, your Vehicle Registration Document. This declares that the person named at the top of the form is the Registered Keeper, but goes on to warn that the Registered Keeper is not necessarily the legal owner, so clearly the licensing authorities, if no one else, contemplates that keeper and owner can be two different people.

When we turn to motor insurance law we find that the duty to insure is not placed on either of these two people, owner or keeper. The duty is placed on the user. Section 143 (1) of the 1972 Road Traffic Act rules that "it shall not be lawful for a person to use or to cause or permit any other person to use a motor vehicle on the road without insurance. It is clearly possible for the user to be someone other than the owner or the keeper.

Insurers have to operate with the law as they find it, however inconvenient this sometimes may be. On all motor proposal forms they ask questions such as "are you the owner of the car?" and "is the car registered in your name?" The proposer who answers "yes" to the first question and "no" to the second or vice versa must expect to have to explain himself to insurers more fully.

In asking these questions insurers are concerned to establish that the proposer has insurable interest without which the insurance cannot legally get off the ground. They are also concerned to establish to whom they should pay money in the event of a claim, for no insurer wants to be the position of meeting a claim from A only to find later that he should have paid B, though even in the best run of businesses this can sometimes happen.

Because they are providing statutory injury liability cover, insurers are also concerned with the fundemental question—who is the person who will use or cause or permit the use of the car? Where owner and registered keeper are one person there is seldom a problem—that person becomes the policyholder, the person who uses or allows other people to use and enjoy the benefit of the third party insurance he has arranged. But where owner and registered keeper are different persons, as with a company and its employees, the contractual relationship may have to be investigated—which, for example, has the right to say who else can drive?

There are as many insurance underwriting solutions to the problems posed by these varying relationships as there are to the relationships themselves. For example, sometimes insurers may issue a policy in the joint names of the parties concerned, sometimes they may restrict driving to named persons to get over the problem of who can cause or permit. Circumstances, as ever, alter cases.

Reverting to Mr. Pamplin's six-year-old son I was asked this week what attitude insurers take to requests for insurance by or on behalf of children.

Everything must turn on the extent of the child's insurable interest and his or her capacity to contract. Certainly the near adult teenager, with a motorcycle at 16 or a car at 17, can and should buy motor insurance in his own name rather than shelter under the parental wing, and begin to build up his own insurance record. Certainly such a teenager is counted by most motor insurers to be an acceptable proposition albeit in the early years on very stringent terms.

If the 16-year-old can buy his own motor insurance, clearly he ought to be able to buy other personal insurances, against loss of or damage to his own property, against disablement, and so on. But if the 16-year-old can, what of his younger brother? How far back down the age line is it sensible to go? In practice of course the answer is simple, for the question rarely arises and the problem is largely an artificial one thrown up primarily by the searchers after legal loopholes.

How to complain

BY AND large the UK insurance industry provides a good service to consumers. The criticisms levelled against it arise very much from the small minority of cases where things have gone wrong.

But consumers have the basic right if they consider that they are not receiving a fair deal to complain of their treatment. In the first place they should go direct to their insurance company. But failing that, the professional trade associations for the industry operate a consumer complaints service on a completely unbiased basis.

In any complaint you should give the name of the company, brief details arising from the complaint and the branch through which you are dealing. But nothing can be done unless the policy number and the claim number is quoted. For non-life insurance contact the Consumer Information Department, British Insurance Association, Aldermary House, Queen Street, London, EC4, and for life contracts contact the Secretary, Life Offices Association at the same address.

Problems of currency affairs —or how to deal with wobbles

MONEY

JOHN MAKINSON

ON TUESDAY of last week the pound fell 6.5 cents against the dollar. For the British holidaymaker cashing £200 of sterling the following day, the vagaries of the foreign exchange market had cost the equivalent of hamburgers for two in Manhattan, a bus trip to Disneyland or a couple of rolls of film.

Holidaymakers are accustomed to seeing rate changes posted daily on boards outside local banks and this year, at least, the British tourist has had something to smile about. None the less, the gyrations of sterling have been so extreme recently that it pays to give some thought to protecting the holiday savings.

The safest way out is to buy travellers cheques or cash in the local currency well in advance. The holidaymaker may miss out on the benefits of a massive sterling purchase by an Arab state on the exchange markets, but at least he knows precisely how much he has to spend and can sleep more soundly in his hotel bed.

Taking cash can be risky, so at least half the spending money should probably be in the form of travellers cheques.

Banks and the major travel agents, Thomas Cook and American Express, issue cheques denominated in most leading currencies but their operations seem geared more to the business customer than the tourist, who may find it difficult to obtain peseta or drachma cheques, for example. Thomas Cook seems still to be playing its travel agents to the Empire role and will gladly provide cheques in Indian rupees, but not in German marks.

For the visitor to Spain or Greece a solution is to take cheques issued by a local bank. These can generally be bought through British banks but the hitch is that they may not be easily negotiable at competing banks in the country concerned. Moreover, obtaining a refund for lost cheques can be a lengthy process.

A slightly more sophisticated approach to the problem is recommended by Mr. Trevor Thorn, money manager at Thomas Cook. He advises travellers in most areas to take a mix of sterling travellers' cheques and local currency. In this way, the currency element reduces the overall exchange risk (and allows the arriving tourist to pay for a taxi at the airport) while the cheques can be easily purchased and negotiated.

Finally, hints to bear in mind.

Take the advice of your local bank or travel agent and make arangements well in advance.

Compare rates at local banks. At times of exchange rate volatility there may be some variation.

Look into local regulations. Spain, for example, allows visitors to bring in a maximum of Pta 50,000 in cash and to take out only Pta 3,000.

Treat travelers' cheques as cash in the U.S. They can be negotiated in restaurants and hotels without difficulty, but banks are not keen on accepting them.

YOUR WEEKEND POUND

Austria	30.00
Belgium	68.25
France	9.52
Italy	18.25
Greece	80.0
Spain	147.50
Switzerland	3.72
U.S.	2.2625

Source: Thomas Cook

UNIT TRUST AND INSURANCE OFFERS

YOUR SAVINGS AND INVESTMENTS

A top level review of savers' incentives could have far reaching implications. **Eric Short** reports

Tax relief on a Treasury tightrope

TAX RELIEF on life insurance premiums could disappear as a result of the Government's rethink of the present system of tax allowances. Details of a review of the whole tax allowance structure, with life assurance tax relief being given particular attention, were reported in the Financial Times this week as Parliament rose for the summer recess.

The implications for the life insurance industry, should relief come to an end, are far reaching. *Tax relief gives life insurance such a competitive edge over other forms of saving* that little else is needed to persuade people to buy contracts. *Life assurance tax relief*, originally granted in 1799 by William Pitt the Younger, has been available without a break since 1853. Without it intermediaries would have to revise *completely their selling techniques* in the face of keen competition from other forms of saving.

It should be pointed out that if the Government makes *substantial tax cuts and intends to* make more—the ultimate aim being to get the basic rate down from 30 to 25 per cent—then it is only logical to reduce tax *allowances at the same time and* to widen the tax base. Although such a proposal should not come as too much of a surprise, the life insurance industry is not yet making much of a fuss.

The Government, naturally, is giving no details at present. But the case for abolishing life insurance tax relief is put concisely by Mr. Frank Field, formerly the director of the *Child Poverty Action Group and* now Labour Member of Parliament for Birkenhead. He has for long been a staunch advocate of reforming the whole tax *allowance system.*

Mr. Field's concern is over the loss of revenue brought about by the system and extent of tax allowances. The latest figures produced by the Labour *Government, showed that £260m* a year was lost through life insurance tax relief, though a more realistic figure would probably be £300m.

His case which was put very *eloquently this week*, rests on three main points:—

● The present system of allowances distorts the tax system. Not only is it illogical, it is also unfair in the way it operates. *The higher paid get* proportionately more benefit than those lower down the scale.

● Tax reliefs for life assurance tend to distort the operation of the capital market. Mr. Field contends that life companies do not have a good record of supporting entrepreneurs. Savings channelled through the big financial institutions support the bigger companies, whereas *savings direct from individuals* would mean more capital for the risk takers.

● The present system distorts the whole debate on tax reform in the UK. Reform can only be of value if the complex tax allowance structure is considerably simplified.

Frank Field emphasises that he is not carrying out a *vendetta against the life insurance* industry in particular. His aim is to change the whole structure and his remarks apply with equal force to mortgage interest relief. He would be surprised if the removal of relief resulted in any significant fall in life business. He thinks that the savings habits of the British people are deeply ingrained, and that anyway after the tax cuts they would have more money from which to save.

His arguments are not the official policy of the Labour Party. But his views do *find an echo elsewhere—it is* interesting to note that many Tory backbenchers are also unhappy with what they consider to be the passive role of institutions when it comes to investing in small companies as opposed to larger ones.

Leonard Hall

Frank Field

Mr. Leonard Hall, the current chairman of the Life Offices Association and general manager of Clerical, Medical and General Life Assurance Society, not surprisingly, holds diametrically opposed views. The first point he makes is that tax relief, which since April has been a tax credit, goes to benefit policyholders and not the shareholders of proprietory life companies. The industry is, therefore, not being supported directly by the Government.

Moreover, the arguments which applied when relief was first given—to encourage thrift and self-reliance—are in Mr. Hall's opinion equally valid today. "A man who looks after himself reduces demands on the State social security system," he says, using what will undoubtedly be one of the main LOA arguments in favour of continuing tax relief.

As a first step the LOA will be taking informal soundings of the Government. Mr. Hall, however, makes it plain that the LOA will strongly oppose any moves to tinker with the system of tax relief, let alone remove it. The industry, he says, will not *be a party to horse trading of* any sort over the direction of investment: its prime responsibility is for the long term interests of its policyholders.

Asked about the possible effects of the removal of tax relief on life assurance premiums, Mr. Hall referred to the experience in Australia, where this did happen in 1974. Not only has new life business declined in that country, but the number of surrenders has jumped alarmingly. This, in Mr. Hall's opinion is the precedent to be taken into account in any consideration of the removal of tax relief.

The LOA cannot discuss modifications to the system since, as yet, no specific proposals have been put forward. Policyholders, however, should remember that relief is most unlikely to disappear overnight, as happened in Australia. There would almost certainly be some transitional arrangements.

Mr. John McKirdy, chairman of the life and pensions committee of the British Insurance Brokers Association and a director of Noble Lowndes, the insurance brokers, forecasts that people will save much less if tax relief is removed. The savings would be short term and extremely volatile. The benefits to the economy of regular and stable long term savings through life insurance therefore far outweigh the cost to the Government of continuing tax relief.

With the Treasury presumably working flat out to formulate a policy in time for next year's budget, it's now up to the Government to make the next move. Mr. Field, meanwhile, has laid down a question on the subject for the next session of Parliament.

Tide turns at Britannia

IT'S almost like the old days. In the last fortnight, the Britannia unit trust group—known in wilder times as Slater Walker Securities — has announced the purchase of strategic stakes in two publicly quoted companies.

It now owns more than 5 per cent of both West of England Trust, which owns the Tyndall group of unit trusts, and of Mercantile House, the money broker which has only just come to the market. In the last few months, it has also bought sizeable holdings in a number of other quoted companies, although it has not gone past the 5 per cent mark at which it is obliged to disclose its investment publicly.

The key point, however, is that all these purchases have been made on the company's own account, rather than via any of its 23 unit trust funds. The company now has gross cash of more than £16m in its balance sheet, and it is beginning to take a more aggressive approach to life after its years in the wilderness.

According to Stuart Goldsmith, Britannia Arrow's investment director, the moves form part of a new board strategy to diversify and expand the group. To this end a new and separate investment portfolio is effectively being set up for the parent company, a move which it is hoped will help identify suitable new businesses for the group. According to Goldsmith any acquisitions could either supplement Britannia's current financial activities or mark a more radical departure from the group's existing interests.

The idea of harnessing Britannia's investment management expertise to the interests of the company's shareholders may be a good one, but will unitholders be affected? Mr. Goldsmith insists that they will not. Although he will personally be *closely involved with* implementing the new policy, his ten fund managers will still be hard at work attempting to increase the value of their funds.

TIM DICKSON

Plea for Ernie

THE GOVERNMENT was understandably needled by unofficial reports this week that Premium Bonds could be chopped as part of the public sector spending cuts. In fact Premium Bonds are one of the most effective of the State's fund-raising arrangements and they ought to be the last of the National Savings offerings to be axed.

The rumours were floated by trade union officials anxious to stymie Government proposals for staff cuts at the National Savings department. They seized on Ernie as the most eye-catching way to focus attention on the issue.

The real measure of Ernie's success is that for every £100 of the £1.4bn invested in Premium Bonds, the prize rate works out at only £5.625 a year. There are, of course, administration costs on top—about 3,000 *people are employed full-time* on the Premium Bond side. This adds about £1.40 a year per £100 to the bill.

The total cost of Premium Bond money is, therefore, about 7 per cent.

By contrast the investment account at the National Savings Bank pays 12 per cent interest (shortly to go up to 12½ per cent). Even after the investor has paid tax at basic rate, the net cost of investment account *money works out at around* 8.5 per cent with an extra ½ per cent for administration costs.

If cost-effectiveness is the major criterion for the Government in any National Savings cuts, the ordinary account at the National Savings Bank, administered by 4,000 civil servants in Glasgow, looks more vulnerable. The administration costs work out much higher at £2.58 per £100 invested. The case against any cuts on this side is that unemployment is already high in Glasgow—and in any case thanks to the low interest rate *paid on ordinary account* balances the total cost of money on this side is an acceptable 7.5 per cent.

Back with their noses in front

THE building societies doubtless breathed a collective sigh of relief last week as the movement's new interest rate structure (effective from August 1) once again made them competitive with other savings vehicles.

The 8.75 per cent net return from an ordinary share account is currently about the best available for medium short-term deposits, with progressively better returns the longer you are prepared to leave your money.

Building societies, however, will still be looking over their shoulders at the National Savings movement which, as the table shows, is increasing the rate payable on its investment account to 12.5 per cent from September 1. This effectively matches the return from the building societies, although investment account holders have to wait seven days to retrieve their money. It is also well worth bearing in mind that many of the smaller societies are more generous to depositors than their large cousins, who invariably follow the recommended structure.

Elsewhere it cannot be stressed too strongly that the National Savings retirement issue, colloquially known as "granny" bonds, are a very good deal for pensioners (men over 65, women over 60). Official forecasts suggest inflation will be running at an annual rate of 17.5 per cent by November.

Since the reduction in all rates of income tax, the tax free National Savings offers no longer look so attractive, certainly for basic rate taxpayers. But the 8.45 per cent tax free available from the 18th issue of National Savings certificates (there you have a five year wait) —and the first £70 of tax free interest from a National Savings ordinary account could still be useful for those in the higher brackets.

With interest rates at their current level, short-term gilts also offer some attractive returns: Treasury 12 per cent 1983, for example, gives a redemption yield of 12.65 per cent.

TIM DICKSON

NET RETURNS TO SAVERS

	YOUR TAX RATE			
BANKS	nil	30	40	60
Current account	—	—	—	—
Deposit account	12*	8.4	7.2	4.8
Six months deposit††	13.31*	9.32	7.99	5.32
One year deposit††	12.44*	8.71	7.46	4.98
BUILDING SOCIETIES				
Ordinary shares	8.75	8.75	7.5	5
Subscription shares	10	10	8.57	5.71
Term—two years	9.25	9.25	7.93	5.29
three years	9.75	9.75	8.36	5.57
four years	10.25	10.25	8.79	5.86
five years	10.75	10.75	9.21	6.14
NATIONAL SAVINGS				
Investment account†	12.5	8.75	7.5	5
Ordinary account	5	3.5	3	2
Brit. Savings Bond	9.5	6.65	5.7	3.8
18th Issue	8.45	8.45	8.45	8.45
Retirement issue	11.4‡	11.4	11.4	11.4
LOCAL AUTHORITY BONDS				
Yearling	12.88	9.02	7.73	5.15
Two years	13.25	9.28	7.95	5.3

* Barclays rates. Deposit account at Midland, Lloyds and Nat.West pays 11.5 per cent. † From September 1. ‡ Current annual rate of inflation. †† Min. £10,000.

The best of both worlds?

COMPANY DIRECTORS up and *down the country are fast latching on to the idea of directly* investing their own pension contributions.

They are doing so by setting up self administered pension schemes, which effectively allow participants to decide for themselves where the pension fund's assets are to be invested. Most importantly, the Inland Revenue *allows companies who adopt* such schemes to reinvest part of the proceeds back in their businesses.

Life companies appear to have accepted this inexorable trend, but on the principle that "if you can't beat them, join them," many have been launching their own hybrid versions of the self administered scheme. *Last week, for instance,* Scottish Equitable with its Exselfund joined companies like Legal and General and Crown Life which already have schemes on the market. Others are *currently in the pipeline.*

The life offices claim they can offer the best of both worlds to small businesses planning a self administered scheme. The client, they argue, is good at *investing money efficiently in* his own company, but he is far from good at investing in the wider market, an area which should be left to the professionals. This is a good rule of thumb to follow.

Under the rules of the Superannuation Fund Office of the Inland Revenue, which approves the tax exemption of all pension plans, loans to the parent company must be made on a commercial basis and the amounts involved must not exceed half the fund's assets. Life company hybrid schemes have therefore been arranged so that at least half the contributions are invested in an insured pension plan operated by the life company.

Many businesses setting up executive pension schemes are doing so for tax reasons and to get some of the cash outflow back into the company. They tend to forget that the majority of funds will have to be invested elsewhere. With a life company scheme, however, they can safely leave that to the life company. The life company also provides all the other services required for a self administered scheme, including the actuarial services and the provision of the pensioneer trustee.

If the client still feels he can invest the money better himself, there are plenty of advisers who will help him run a full blown scheme.

PENSIONS
ERIC SHORT

New tax arrangements for ex gratia and compensation payments were proposed last week. **Michael Lafferty** looks at the details

Golden handshake shake up

TAX RULES on "golden handshakes" *seem likely to be* changed following the publication last week of a consultative document from the Inland Revenue Golden handshakes, or termination of employment payments, hit the *headlines* last autumn when Mr. Eric Morley accepted £200,000 from Grand Metropolitan after a boardroom disagreement

Tax accountants will certainly welcome any suggestion that reform is proposed in this area, since the present rules are extremely complicated. Some of those who receive payments in future, however, may not be so *pleased because the proposals* appear to leave them worse off.

Termination of employment *payments fall into two* categories — compensation payments and ex gratia payments. Broadly, compensation payments arise when a director, for example, has an unexpired service *contract at the time of his* departure. Any other termination payments—and particularly any amounts paid in excess of amounts due under compensation—are classified as ex gratia.

The next task, in the case of each type of payment, is to determine the taxable element. In the case of compensation payments this will normally be the amount of the "golden handshake"*—say £200,000—less* a £10,000 threshhold; for ex gratia payments it is the amount of *the handshake less the higher* of £10,000 or something called the SCSB (Standard Capital Superannuation Payment).

(The SCSB is worked out according to the formula: average director's salary over the past three years multiplied by his number of complete years of service divided by 20. It is, however, reduced by the amount of the director's pension which *could be commuted, whether this* is done or not.)

The final step is to determine the tax rate applicable to the golden handshake. Here something called "top-slicing" comes *in. The rule* is to divide the taxable amount by the number of unexpired years of the service contract, or by six years for ex gratia payments. (The object is to avoid punitive high tax *rates on the one-off payment.*) The amount is then added to the individual's other income for the year to determine the tax rate, which is applied to the whole of the taxable amount of the golden handshake.

The Revenue reform proposals are as follows:

● The present distinction between compensation and ex gratia payments should be *abolished;*

● Top-slicing relief should also disappear, instead only half the excess of such payments over the £10,000 threshold should be taxed.

The obvious effect of the reform proposals would be that people receiving ex gratia payments would be worse off than at present. This is explained, perhaps, by a reference in the consultative paper which suggests that compensation payments are sometimes "dressed-up" as ex gratia payments. This is disputed by one leading tax accountant, Mr. David Tallon. "In many cases the employee has very little right to compensation," he says.

The Inland Revenue consultative paper is by no means the last word on the matter. It seems quite likely that the proposals will attract considerable comment from tax practitioners.

Morley: £200,000 handshake

All eyes on Europe

INVESTMENT TRUSTS have been through a quiet period recently following the flurry of takeover interest earlier in the year

But Thursday's news that Govett European is contemplating unitisation of its assets holds out possibilities for other trusts invested heavily in continental Europe.

If Govett goes ahead with its plan only three investment trusts with a strong European bias will remain in the Stock Market. *Two others, New Court* European and Scottish and Continental, have successfully unitised in the last couple of years.

The share prices of the three survivors—Scottish European, F and C Euro, and Sizewell *European—all showed gains in* the wake of Thursday's developments Historically the *performance* of most European orientated investment trusts has been disappointing though *discounts in the last 12 months* have narrowed. In general the trusts have been dragged down by the vagaries of the dollar premium and foreign exchange markets.

Clearly investors are hoping that where Govett European leads, others may follow.

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PROPERTY

Buying in a mews

BY JUNE FIELD

"MEWS — a row of stables with living accommodation, built at the back of a town house, particularly in London." One really cannot better the dictionary definition, and the attraction of living in a mews has always been considerable.

De Vere Mews is a handsome early Victorian coaching mews between De Vere Gardens and Palace Gate, just off Kensington High Street. I first saw it in the rough back around 1972 when developers had grandiose schemes to redevelop the area. Then came the property debacle, and the project was abandoned until CPK Construction acquired the site in 1977.

Now, with building works planned for completion by early September, the residential section of the development, consisting of 17 apartments and maisonettes, plus five town houses, are part of an extremely pleasing scheme designed by Roger Carpenter and Associates; the interior has been totally gutted to produce purpose-built units within the existing shell and the horse ramp on the ground/first floor remains, as well as the original first floor balcony oak balustrade, which gives De Vere Mews its "listed" status.

All the apartments, 1 and 2 bedroom, with the exception of one, are already sold or under offer at prices between £51,000 to £78,500 for 125-year leases. So are two of the houses. The one-bedroom 2nd and 3rd floor apartment still on offer at £56,000 has an unusual 21ft 6ins by 15ft 8ins studio room with a huge glazed north-light covered by a "motorized" blind, adjoining kitchen fitted with waste disposal unit, eye-level oven, fridge/freezer and washing-machine, plus a spiral staircase that goes up to the bedroom and bathroom.

The remaining three houses, numbers 41, 43 and 45, which are expected to go on the market in a fortnight's time at £140,000 each, have a larger, but similarly fitted kitchen, only there is a dish-washer too; there are 4 bedrooms, 2 bathrooms, cloakroom and 2 living rooms, one with balcony.

Canning Place Mews, which adjoins, will be re-developed in due course to provide a selection of 3-bedroom houses and 2-bedroom houses with garages. For details on what is still on offer at De Vere Mews, contact L. J. Olivier, managing director CPK Construction Ltd., 106 Fulham Road, London SW3, telephone 01-584 8517. (Mr. Olivier is a trifle sensitive over his first name—you will not need three guesses to know what it is when I tell you that one of the purchasers (not a relative) in the mews, is Tarquin Olivier, son of Lord Olivier).

Linden Mews, London W.2., in the Royal Borough of Kensington and Chelsea just north of Notting Hill Gate, is a cobbled hideaway tucked away behind an elegant archway adjoining the grand houses, mostly in multi-occupation, of Linden Gardens.

It is not often that a whole mews comes up for sale, but all seven of these houses with flats on the first floor and garages underneath, built about 1874, are going to auction on a price guide £100-£150,000 through Jackson-Stops & Staff on Wednesday at Basil Street Hotel, Basil Street, S.W.3.

Interest has been so great (over 300 brochures have been sent out) that the time of the auction has had to be changed to 4.30 pm, in order to book a larger room. "We hadn't realised that there would be such a tremendous response," says Michael Goodall, who will provide last-minute details from Jackson-Stops & Staff, 14 Curzon Street, London, W.1., telephone 01-499 6291. He feels that the most likely purchaser will probably be a property developer, who would convert the one vacant possession property, number 5, immediately, and hold on to the remainder, which are let on regulated or protected tenancies producing a gross income of about £4,600 per annum.

1-7 Linden Mews, London, W.2, with vacant possession of Number 5, comes up for auction at 4.30 p.m. at the Basil Street Hotel, Basil Street, S.W.3 on Wednesday on a price guide of £100,000-£150,000. Details Michael Goodall, Jackson-Stops & Staff, 14 Curzon Street, London W.1.

Renting a holiday home

"A LAST-MINUTE RUSH" is how one agent who specialises in letting furnished property on the South Coast describes the holiday renting season this year. "Up until this month it has been practically the worst season we have had since we started the service 15 years ago," admitted Elizabeth Serna, who runs King and Chasemore's furnished properties department in West Sussex.

This means that only now are those who bought property as an investment, perhaps to combine with use as a second home, or for retirement later, starting to cover their expenses. Some of the places on offer though, are permanent homes, where the owners put the money towards paying for their own holiday.

"We send out catalogues in December, and by January people usually come flocking down to book. This year we lost out on the early batch because the weather was so dreadful. Now everyone is suddenly realising that it would be rather pleasant to have a nice quiet break by the sea or in the country, without the hassle of travelling abroad. Particularly Londoners, for whom our area is not too long a drive, and where it is not absolutely essential to have a car when you get here."

A right to occupy a house or part of a house for a holiday is not a protected tenancy (Sec: 9 Rent Act 1977), so the agency makes sure that a formal tenancy agreement is exchanged, which points out that "the purpose of the tenancy created hereby is to confer on the tenant the right to occupy the premises for a holiday." (A word of warning though, for owners contemplating a long winter let, even this process is not 100 per cent foolproof, as it needs a Court Order to get anyone out—and they told me it takes three months to get such an order in this area.)

A tenant also has to lodge a deposit of £100 against charges for electricity, gas, telephone and any damage. For checking references, collecting the rent and deposit, arranging meter readings, etc., the agent charges 10 per cent of the rent, plus VAT. With the difficulties of getting competent inventory clerks willing to work at weekends, the normal change over-time, inventories have to be checked by tenants, who are also responsible for leaving the place in a reasonably clean and tidy condition. Domestic help can be organised at an extra charge.

What does it cost to rent a holiday home? A "character four-bedroom, two-bathroom country house" in Burpham, pretty village near Arundel in Sussex, is already partly booked for August and September at £250-£300 a week, but a three-bedroom coastguard's cottage in a terrace at Angmering-on-Sea ("no toddlers or pets"), was still on offer at £80 a week for August, £65 for the middle of September, while nearby "Lovely Cottage" was £55-£65 a week for similar periods. The Moorings, on the exclusive Kingston Gourse estate, right on the seafront, was £115-£125 a week, and a small bungalow in Ferring, near Worthing, £70 a week for September.

For a schedule of properties still available, plus details on how to let your own property for next season, provided it is in the area Arundel, Lyminster, Rustington, Storrington, etc., contact Elizabeth Serna, furnished properties department, King and Chasemore, 35 Sea Road, East Preston, West Sussex, telephone 09062 3202.

If country rental is too transient then a rural house of your own could be a permanent alternative. This pretty property in East Sussex is for sale through Braxtons (Battle office) for £55,000.

Awash in aphids

GARDENING

ARTHUR HELLYER

THESE PAST few weeks there has been a plague of aphids in some parts of the country. Most gardeners seem to be complaining of greenflies in enormous numbers but in my own garden blackflies have been the greater problem. But may be "problem" is the wrong word to use nowadays for aphids since we have so many efficient aphicides with which to destroy them. Apart from the general nuisance of having to get out the spraying machine and embark on the messy and time consuming task of preparing and applying spray, aphids are really no longer a serious problem.

I have even managed to avoid a good deal of spraying by having an oxydemeton-methyl aerosol at hand to give a quick puff at the first sign of trouble.

Aerosols are impossibly expensive for use on any large scale outdoors but if it is only a few shoots that have to be treated, of roses or dahlias may be, two of the first flowers to be attacked, I have come to the conclusion that the aerosol is actually an economy as well as a convenience.

Usually insecticide bottles carry instructions along the general lines "add a capful to a gallon of water" and one either follows this precisely or at most cuts is down to a half measure to half gallon. Either way one will have far more insecticide than is required to deal with an attack in its earliest stages and the surplus will either be applied unnecessarily to plants that do not need it or will be thrown away. The aerosol offers no excuses for waste and after years of doubt I find myself a convert.

Of course, once an attack has passed beyond that early stage spraying must be the answer. It is no use hanging about and hoping that the greenflies, blackflies or whatever will go away for even if they do they will leave a legacy of damage, and possibly of virus infection, behind them. Since there are now so many good aphicides choice of chemical is likely to be determined either by what is to hand or by one's attitude to chemicals in general. Those who feel strongly in favour of organics as being more natural will probably turn to derris or pyrethrum. The former is effective if fresh but loses its potency if kept for long. Pyrethrum tends to stupefy rather than kill and is better as a knock down ingredient in compound sprays than on its own.

This does not apply to resmethrin and bio-resmethrin which are very efficient both against aphids and white flies, but I am not certain how these synthetic pyrethrins stand with organic gardeners. I suspect they may not like them.

An alternative and, in my view, safer course is to choose an insecticide that will be unlikely to harm useful insects such as bees, ladybirds and lacewing flies either because it is systemic, and therefore mainly deadly to insects that feed on leaves or sap, or because it is very specific in its toxicity. Menazon scores on both counts since it is absorbed into plant cells and is mainly an aphicide. Pirimicarb is not systemic but it mainly kills aphids and this it does both rapidly and effectively. It is satisfying to come back an hour after spraying and find the enemy already dead.

I have no doubt that this whole question of pest and disease control bothers many gardeners a great deal and there are few reliable and readily understandable books that can be recommended to them. A newcomer, *Garden Pests and Diseases*, just published by Ward Lock, is timely and helpful. The author, Dr. Joe Stubbs, was for many years an adviser to Imperial Chemical Industries, though nowhere do the publishers mention this, possibly fearing that potential buyers might think that the book was simply a vehicle to recommend I.C.I. products.

In fact, nothing could be further from the truth, all the commonly available remedies being mentioned from whatever source they may come. Indeed, my principal criticism is that Dr. Stubbs is often insufficiently specific in his recommendations. It may be all right to be told to control aphids with greenfly killers or general insecticides since there are plenty of them and the general insecticides are always formulated to make them effective killers of aphids since these are the commonest of insect pests.

It is not, in my experience, equally adequate to advise gardeners to control capsid bugs with general insecticides for I find these pests among the hardest to destroy just as they are about the most difficult to see. The damage they do is clear enough evidence of their presence; distorted, stunted shoots, cockled and split leaves often with brown streaks or spots, and rusty scabs, but the active little pests, rather like large greenflies, that are responsible for all the damage, are seldom there.

Partly this is because just a few can do a disproportionate amount of damage but also there are few insects more agile at hiding when they are disturbed.

I wonder, if pressed, which "general insecticide" Dr. Stubbs would recommend to kill capsid bugs. Possibly Abol X which would be my first choice since it is a mixture of HCH, the chemical we used to call BHC, and menazon. This makes an excellent general purpose insecticide with one ingredient operating by direct contact the other by poisoning the sap which is a useful way of making a double thrust at your foes. It is manufactured by ICI and none the worse for that.

Garden Pests and Diseases is arranged in chapters covering vegetables, fruit, trees and shrubs, outdoor flowers, lawns and greenhouse and indoor plants. Crops, fruits and plants are listed alphabetically each with its principal pests and diseases and the recommended treatment. There are some excellent colour illustrations and some less good monochrome pictures but I could have done with more. Probably the quite reasonable price of £2.50, forbad this.

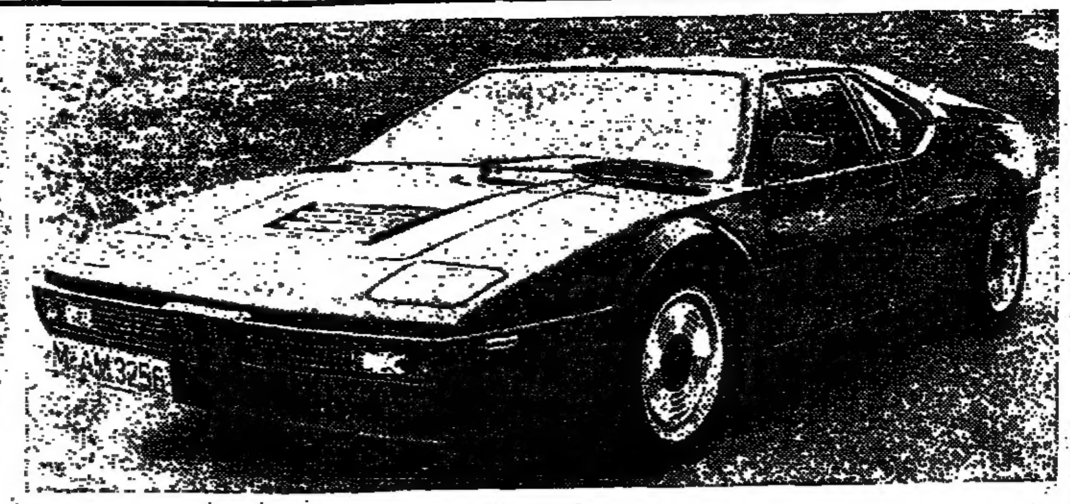
Pests are not the only worry at the moment. Diseases are also enjoying the warm weather and the radio reports that potato blight is well established in the north west and is making its annual easterly dash across the country. This is the disease that starts innocently enough with some dark patches on the potato leaves but given the right warm and moist conditions the spots spread rapidly, the whole leaf soon becomes black and then withers and the disease passes down to the tubers which develop brown rotting patches.

Tomatoes are also affected but as a rule only those growing outdoors. There is no remedy once the disease has a hold and then the best thing to do is to cut off and burn the potato haulm and dig the crop as soon as possible. However occasional spraying with a copper based fungicide gives good protection and by delaying the final dying of the leaves actually increases the crop of late varieties.

MOTORING

BMW's fast mover

BY STUART MARSHALL



BMW M 1

ABOUT THE last place in the world one would want to be in a racing car is a city ring road, crowded with the tail end of the morning rush hour. Yet there I was on Munich's inner ring last week in a BMW M1, jogging along at 25-30 mph, surrounded by cars and trucks of every kind but feeling perfectly happy. And so, surprisingly, was the car.

The M1 is really unique. It was conceived and designed as a racing car but has been tamed to make it suitable for road use. BMW are making a batch of 400 of them so that the M1 can be homologated for Group 4 and Group 5 racing. The rules of the game say that 400 examples of a car must have been made before it qualifies as a production racer. It can then be modified to produce vastly more power but is still supposed to look something like the car that anyone with a long enough pocket can drive away from the showroom.

So the M1 I was driving had 277 horsepower under its wedge of a fibreglass body. But the chassis frame and running gear are stressed not just for the 470 horsepower motor used for Group 4 racing, but for the turbo-charged 850 hp unit that will ultimately power the Group 5 car.

My "civil" version—that is BMW's term to distinguish it from the racers—costs DM 100,000 in Germany, or near enough £25,000. Already 300-odd have been sold. When it comes to Britain, the price will be around £35,000, what with Special Car Tax and VAT. There will not be any right hand drive M1s, though being mid-engined, conversion would not appear to be too difficult.

Any of the "civil" M1s could be converted into racers. All the owner has to do is change a few items like the fuel injection and exhaust systems, fit racing wheels and brakes, stick competition numbers on the side and make his way to the starting grid. So far, the only serious racing in which the M1 has been seen in action has been in the BMW-sponsored Pro-Car series, though one with a fancy (not to mention costly) paint job by pop artist Andy Warhol finished sixth at this year's Le Mans 24-hours.

Most of the buyers undoubtedly have road driving, not circuit racing, in mind. BMW privately conceded that many of the cars won't even be driven far and fast and are more likely to be used to boost their owners' status at fashionable watering holes, yacht clubs and so on.

However, fast driving is what cars like the M1 should be all about and Germany is now the only country in the West where one can legally use them at the three-figure cruising speeds their character demands. Having finally shaken off the traffic, I headed for the autobahn to Garmisch Partenkirchen to allow those 277 horses to stretch their legs.

Let me admit straight away that I did not reach BMW's *claimed 162 mph maximum*. My best was 240 km/h (148.8 mph) at which what had been a fairly empty and more or less straight autobahn suddenly seemed to have become dotted about with slow moving traffic and to have developed curves. On the autobahn, 100 mph is nothing in the right car and 120 mph is a reasonable cruising rate in a select few. (At that kind of speed the M1 was quiet enough for the radio to be listened to.) But at close to 150 mph it is different, even though the M1 still felt totally controllable and disciplined. The only thing lacking was road space.

On and off the autobahn the car was sheer joy to drive. The clutch that felt a little heavy in traffic needed no more than a dab as I flicked the five-speed box from one gear to another. Acceleration in fifth is potent from about 85-90 mph onwards *but in second or third from 40* mph up it justifies the over-worked phrase "kick in the back." From a standstill, 60 mph comes up in 5.4 seconds and 125 mph in 20.9 seconds, according to BMW's own figures. Fourth gear shows 200 km/h (125 mph) without putting the rev. counter needle into the red at 6,500 rpm-plus.

In the M1, nothing seems impossible. When cruising at over 100 mph there is more wind roar than mechanical noise. The car is never strident, though if you drop down into second or third and really boot it hard, there is a lovely baritone bellow from behind you and lines of traffic just melt away.

It is not at all a difficult car to drive. Visibility is rather restricted in town and parking calls for patience because the lock is poor and the high geared steering demands a lot of physical effort. But at speed the whole character of the car changes. The steering becomes light and scalpel sharp; response to mere pressure on the steering wheel rim is instant and the grip provided *by the fat*, 50 series Pirelli P7 tyres seems limitless.

What would be a 45 mph corner in most cars becomes a 60 mph corner in the M1. It just goes round without drama or the merest hint of roll and with only the *sideways thrust on* one's body to indicate the forces involved. A 60 mph speed limit on a winding country road is not boring because the M1 can do 60 mph on it all the time with absolute security. The ride is firmly comfortable and the all-disc brakes enormously powerful. From 120 mph-plus the speed just drops away at a touch of the pedal. In fact, the M1's braking capability is no *less impressive* than its rocket-like acceleration.

For people of my size (over 6 ft) the cabin is a bit cramped. There is not much headroom, though BMW said the car I drove was an early one and that *later models have lower seats*. Even so, it is not the kind of car you can change your position in on a long trip. It seemed to me that the ideal M1 owner would be about 5 ft 8ins high at the most because even with the steering wheel adjusted properly, its rim obliterated the top of the rev counter and speedometer dials. When riding as passenger, my knees rested against the padded facia.

There is a *reasonable boot* behind the engine; it gets so hot that it would be a fine place for drying damp clothes or bringing on a lazy Camembert while you drive.

Two questions have to be asked: is the M1 the first of a future generation of BMW supercars that will lock horns in the marketplace with Ferrari, Maserati and Aston Martin? And is it serving as a test bed for features that will be found in future BMWs of the more traditional, sporting executive kind?

I doubt the former, though much clearly depends on Government policy over autobahnen speed limits. If they stay free, there is some kind of logic in making a successor to the M1. The Government would like to bring in a 130 km/h limit (81 mph) but fears the wrath of the motoring voters and the motor *manufacturers if they did*. Continuance of the status quo depends on oil supplies. At the moment, there is no sign of petrol shortage in Germany. I did not see a single filling station shut by day last week and many were open late at night.

As for the M1's development value, this has already been shown. Its major engine components also go into the 635i coupé and the just announced 735i saloon, though neither has its 16-valve cylinder head and dry sump lubrication. BMW, who had a 12-cylinder engine ready to go into a prestige saloon but killed it off earlier this year in recognition of *changed conditions*, seem a little defensive about powering their supercar with a straight-six. I don't think they need be. It may lack the glamour of a V8 or 8-cylinder boxermotor, but it is as smooth and punchy as any I have tried. Isn't this what counts among owners who reckon that looking at supercar engines is strictly for mechanics?

TRAVEL

Hidden Italy

BY PAUL MARTIN

WHILE the major tour operators, whose business is the conversion of intangible dreams into reality, continually expand the range of resorts covered, and while some of the smaller, specialist, companies really do go off the beaten track, a set of wheels remains the first essential to discover for yourself some of those enchanting out-of-the-way places which represent Italy's hidden holiday assets.

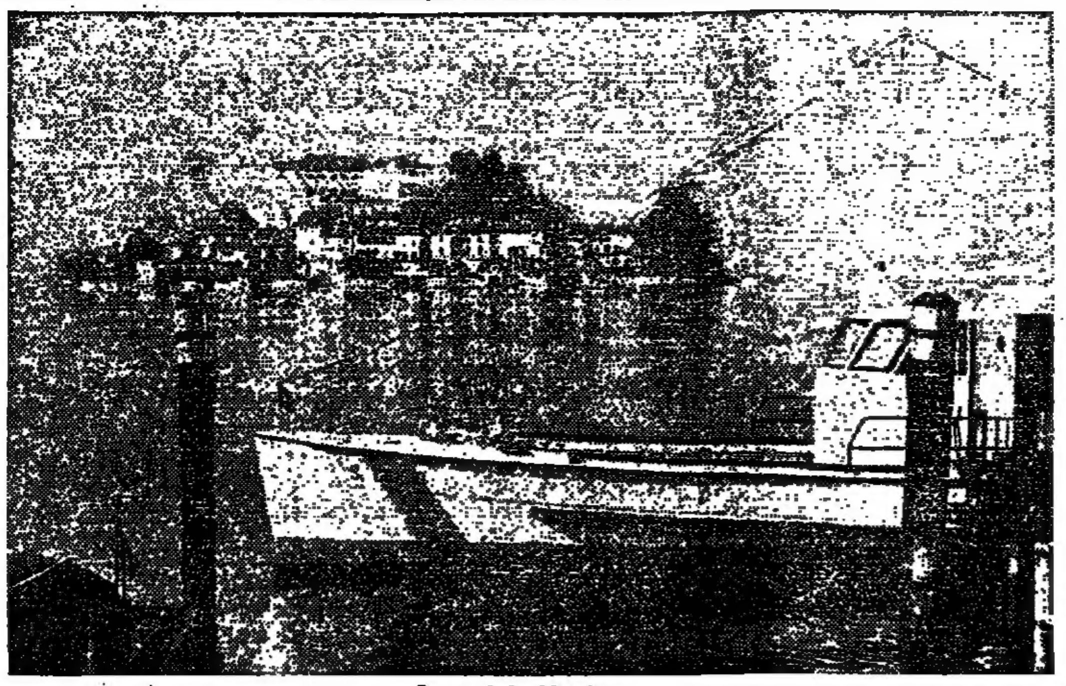
As a first practical step, Alitalia's wide-ranging Jet-Drive programme, which combines flights with car hire, enables you to pick up a car on arrival, plan your own itinerary and finally return it to another airport before flying home.

I can only cover a few less familiar places, so often relatively close to resorts which really are household names and surely none more familiar to an earlier generation of travellers than the lovely Italian Lakes.

If you stay at Stresa or Baveno on Lake Maggiore, sheer enchantment awaits you if you drive along the panoramic road which winds its way over the 4,000 feet Mottarone towards the sister lake of Orta. Don't be put off and decide to retrace your steps when you reach Omegna. This industrial town, at the northern end and the one blot on the landscape, is quite untypical of the area. Persevere until you reach the little town of Orta San Giulio which faces out, across the unruffled surface of the tiny lake, towards the island of the same name.

There are some small, typically Italian hotels and some delightful old houses, their gardens brilliant with flowers and running down to the water's edge.

Ever since the days when those early independent travellers set out on the Grand Tour, the British have left their mark on several different parts of Italy. Alassio's principal thoroughfare recalls the Hanbury family who setled there and, closer to the French frontier, at Bordighera. Yet, even here, it is not difficult to escape from this pretty intensively developed coastal strip to the tiny seaside village of Varigotti—I will not reveal the name of a colleague who dubbed it "very grotty!" Yes, it is in the nicest sense, a completely unspoilt simple beach with some houses built in Moorish style, yet only a few hundred yards away from the traffic which used to thunder along the old Roman Via Aurelia but has switched to the coastal motorway.



Stresa, Lake Maggiore.

Inland there is the almost intact Saracen village of Verezzi where I had an excellent luncheon in the local taverna. Open-air concerts are held during the summer months in one of the courtyards from where there are spectacular views down towards the coast.

Along the northern shores of the Adriatic, beyond the Gulf of Venice, holidaymakers who flock into Lido di Jessolo will probably give up at least one day to visit Venice but, with a car, why not head off in the opposite direction along the corniche road linking Venice to Trieste.

Here, too, while there are purpose-built resorts like Bibione and Lignano Sabbiadoro, the lagoon and island of Grado—although there is a bridge, it remains essentially an island—were linked to the archaeological centre of Aquileia. Long before the emergence of Venice as a sovereign state, it was a place of major importance with its own bishopric. Grado remains a kind of microcosm of Venice, with its narrow calli, or alleyways, and, beyond the residential area, a pleasant promenade skirting a sandy beach.

If you continue towards Trieste there is a delightful little pleasure harbour at Duino, not far from Miramare, the home of Maximilian von Hapsburg, the ill-fated Emperor of Mexico. A magnificent park forms the backcloth to the castle in its setting of rare beauty at the water's edge.

Even the major commercial and industrial centres, where the business traveller is most likely to find himself, have their own hidden delights. Milan lists among its tourist attractions the quite extraordinary Cimitero Monumentale where some of the ornate tombs are in pretty questionable taste. One of the simplest and, for that reason most impressive, is the Toscanini family vault where the great conductor, so indelibly associated with his triumphs at La Scala, lies at rest. Full marks, too, to the civic authorities who have finally cleared all those beastly cars from the splendid piazza in front of the cathedral.

ADDRESSES: Alitalia (Jet-Drive), 251/259 Regent Street, London W1R 8AQ. Italian State Tourist Office (ENIT), 201 Regent Street, London W1R 8AY.

Books to take along

PAPERBACKS

ANTHONY CURTIS

WHAT TO pack bookwise? The dilemma presses once again as holidays hove into view. Here are a few suggestions in the paperback line as succinctly as I can manage. If you are looking for a breather from Bloomsbury and you can't take any more Tolkein, try Samuel Hynes refresher course on literature and politics in the 1930s, *The Auden Generation*, published in hardback in 1976, and now available in softcover at £3.50 from Faber. Hynes takes you through that terrible decade year by year and the tour includes not only the main books published by the Auden boys and their rivals but also forgotten magazines, manifestos, book clubs, broadcasts, and anthologies. His underlying theme is the alternating attraction and repulsion throughout the 1930s of the creative writer to political commitment, to the life of art and the life of action. This dispassionate view of past literary battles by the sensitive American scholar is most enlightening.

Many of the writers Hynes considers are themselves readily to hand in paperback these days. Do publishers sense a new vogue for 1930s literature? Stephen Spender's *The Thirties and After* (Fontana, £1.50) is a collection of his journalistic forays going up to 1975; like the needle on a pressure chart, the pieces show infinitesimal changes of direction as well as the more violent veerings and backings. Christopher Isherwood's *Lions and Shadows* (Magnum, 95p) was one of the key-books of the period and caught unforgettably the public school and Cambridge ambience against which he reacted. It is so much more readable and gay (in the archaic sense) than the later autobiography *Christopher and His Kind*. Isherwood's semi-autobiographical Hollywood novel *Down There on a Visit* (Magnum, £1.25) carries the story on to the end of the war.

Professor Hynes spends some time analysing allegories and parables including the youthful fantasies about the imaginary domain Mortmere.

These Isherwood wrote in conjunction with his undergraduate friend and mentor Edward Upward who became a schoolmaster and a member of the Communist party. Upward also wrote a trilogy *The Spiral Ascent* tracing the career throughout the pre-war period of a young Englishman who tried to reconcile the claims of Communism with his vocation as a poet. The saga of Alan Sebrill which continues through the forties and into the period when he gives up teaching and lives in retirement on the Isle of Wight (like Upward himself) is now published in paperback in three separate volumes by Quartet Books, *In The Thirties*, *The Rotten Elements* and *No Home But The Struggle* at £2.50 each. After the fantasies of Mortmere this was realism with a vengeance.

A fine modern novel of political and philosophical fantasy, Herbert Read's *The Green Child* now appears as a Penguin Modern Classic (95p). The English born dictator of a South American republic returns home. There he follows a millstream back to its source guided by an unearthly green child. He enters a subterranean grotto to find himself in the highly structured world of the green people which fulfils Read's notion of a utopia. During his industrious career as an author Read wrote only one novel, but it is a great one penned in limpid, matchless prose.

Another fantasist who wrote elegantly was Sylvia Townsend Warner. Her short stories *Kingdoms of Elfin* about an aristocratic society jealous of its privileges has also come out in Penguin (£1.25) and might be just the thing for your deckchair on the beach. Miss Townsend Warner who died last year was also a poet and a musicologist. A posthumous volume of her poems *Twelve Poems* with a preface by her friend Peter Pears is coming from Chatto and Windus later this year at £2.50.

But some readers simply cannot take fantasy however pure the style. By contrast, a much neglected area of realistic description of working-people is covered by Peter Keating of Edinburgh University in his *The Working Classes in Victorian Fiction* (Routledge £3.50).

BOOKS

To arms! BY C. P. SNOW

The Year of the French by Thomas Flanagan. Macmillan. £6.95, 516 pages

In this country's three greatest wars, Ireland has looked tempting to the enemy. An invading force would find plenty of helpers. To put it at its lowest, the nuisance value to Britain would be considerable. The Kaiser's high command *tinkered with the concept.* So at odd moments did Hitler. The only real attempt, though, happened in 1798. The Irish activists had their emissaries in Paris, among them Wolfe Tone.

They persuaded the French that there were good chances. The French knew a great deal more about war and logistics than those Irish spokesmen, and didn't enter the campaign with reserves and ambitious plans. Still, *they did send ship* and troops to land in County Mayo. Tone and his friends had been right, to the extent that many Irish rose in arms. The French, by daring generalship, achieved total tactical surprise and won the battle of Castlebar. The English were shaken. But the French General, Humbert, a good professional, didn't hope for much. He would soon be facing another competent professional, with a *disciplined army.* Brave as the Irish insurgents were, they hadn't the equipment and organisation to fight disciplined troops. *Humbert hadn't* enough French soldiers, and couldn't expect more.

Thus the "Year of Liberation, the Year of the French" which started in August 1798, ended in October. There were, as a matter of course, hangings to follow the fighting, but since Cornwallis was relatively humane and prudent, not as many as might have been expected. What did follow the fighting was another Irish legend. It also settled the fate of the Dublin Parliament, and the controversies on Irish *government moved to Westminster,* which was one of the English losses.

This piece of history has now been used as the substance of a novel, and a richly successful one. It can be recommended to almost anyone who is not put off by *historical novels.* It will be useful to most of us, when sympathy with Ireland is wearing pretty thin, to be reminded how the Irish regard their own history—for the author, though exceptionally fair-minded, by temperament as well as by intention, is an Irish American and knows in his bones how his forebears felt about these happenings and how his relations may do so still.

The best reason for reading the book is, however, the simplest. It is, above everything else, a very good novel, told with several different kinds of narrative skills, deep with human understanding, sad because human beings are as *they are, often funny, warm with* tough unsentimental affection because, though human beings are as they are, they are after all human, no better, no worse, than ourselves.

Thomas Flanagan doesn't seem to have published a novel before. He has had a long career as a professor of English in California and New York, and must be getting on for 60. He presumably has spent some years writing this novel, but even so, it is bizarre to enter the literary scene at most people's retiring age with a novel as accomplished as this.

Flanagan organises a mass of characters and events as though it is the easiest thing in the world, which Tolstoy could have told us it isn't. It has taken many kinds of technical device, none of them obtruding, to make the novel so inescapably readable. That isn't the greatest of its virtues, but in a novel on this scale it is a major one. *Flanagan has,* without fuss, inserted several personal narratives from persons scattered over his Irish panorama—a Protestant clergyman, gentle and sensible in the midst of the fighting, a starry-eyed English girl married to a nationalist lawyer, and more rapturous about the cause than the Irish themselves, a timid poet writing mournful diary entries and knowing that *all was going wrong, one of* Cornwallis's staff officers writing about the rising 50 years after it happened, and so on and so on. Either some of these documents are near to existing originals, or else Flanagan adds mimickry to his other gifts. He must have felt a lot of subdued amusement as he wrote these pastiches, if that is what they are.

A high proportion of the personages in the novel had an actual historical existence, though Flanagan has recreated them for his own purposes. One *would like to know which are* historical characters. The leading soldiers of course—Wolfe Tone and other Irish political leaders—some of them Mayo gentry, such as George Moore of Moore Hall. Moore was the grandfather of the author of *The Brook Kerith,* and as drawn by Flanagan is one of the most interesting figures in the book. The family had made a fortune trading in Spain, and Moore was a rich landed gentleman. What was much odder, he was a rich Catholic landed gentleman, too proud to give up his religion, *although his attitudes* were those of a Whig aristocrat. He was an intimate of Holland House.

There were other more corruptible members of the old Irish gentry around, calculating the pickings out of union with England and the best time to play their hand. The social stratifications in Flanagan's Mayo are sharp—small landowners like Malcolm Elliott, Protestant lawyer, husband of the idealistic English girl, caught up in militant politics in Dublin, too honourable to extricate himself but entirely pessimistic, fated to arrive at the gallows. Then, much less prosperous than Elliott, a range *of farmers, most of them* Catholic, not much more cultivated than their own peasants, splendid horsemen, toping their lives away, glad of a chance to fight. These people the Irish called half-sirs, and the English squireens. Most of them were still able to speak some Irish, but the language was already fading out.

The personal detail of all this cast is done with a novelist's love of fact. Most of the obscurer characters must be creations of Flanagan's, since squireens and peasants didn't write memoirs. There is one figure who is certainly a creation of Flanagan's, as he is *too much a romantic literary invention* to be anything else. That is the strolling poet and hedge schoolteacher, Owen MacCarthy. He is the personification in Irish terms of the romantic idea of the artist—eloquent, drunken, wise, wenching. Many readers will regard him as the greatest single triumph in the novel. I don't.

There is an undertone of the Irish melancholy running through the book. But that isn't the feeling with which one comes to the end. It is so good a novel that life seems more desirable. When a work of art does that for you, it has great quality. If this book doesn't get *read and esteemed, then there* is something dreadfully wrong with our literary world.

Thomas Flanagan: in the steps of Cornwallis

Sorry tale BY ZARA STEINER

Britain and the Jews of Europe: 1939-1945 by Bernard Wasserstein. Oxford / Institute of Jewish Affairs, £7.95. 389 pages

Few can read this book without some sense of shame. Working in the now opened public archives, Bernard Wasserstein has recorded the policies adopted by the British Government towards the Jews of Europe during the Second World War. The knowledge that it was German action which created this problem and that other nations (though not Sweden whose record is impressive) behaved with an equal lack of humanity can neither explain nor excuse British actions.

Occasionally a humane voice—Winston Churchill, Oliver Harvey, A. Walker of the Refugee Department, Lord Cranborne at the Colonial *Office—breaks through the veil* of bureaucratic irritation and hostility but even these were "heartbeats muffled in protocol." It was the triumph of practical politics and pure logic rather than the anti-semitic outbursts of Anthony Eden or fears of public xenophobia that lies behind an innocuous clause in a memorandum seeking American assistance in dealing with the refugees at the end of 1943:

> There is a possibility that the Germans or their satellites may change over from the policy *of extermination to one of extrusion,* and aim as they did before the war at embarrassing other *countries by flooding them* with alien immigrants.

Central to the British reaction to the German campaign against the Jews was the issue of Palestine. The Cabinet, but particularly the Colonial Office and the Government of Palestine, were determined to stick to the terms of the White Paper which restricted immigration to Palestine between 1939 and 1945 to 75,000 immigrants. So great was the fear of hordes of Jews crowding into that country and so widespread the belief that the Germans would use Jewish refugees as spies (a belief for which, as the Foreign Office repeatedly underlined, there was no evidence) that the *actual number of immigrants,* both legal and illegal, fell below this figure.

During the first two years of the war, the British Government took the lead in closing all the escape routes from Europe believing that a mass exodus to Palestine would destroy its Middle East position. So all-embracing were these fears that the Colonial Office sought to prevent American charity reaching families marooned on the frozen Danube while the Government of Palestine felt constrained to deport all who survived the "Patria" explosion even before typhoid carriers could be removed *lest* others be encouraged to take the risks of illegal entry.

Knatchbull-Hugessen, the British ambassador in Turkey, found in December, 1941, that his reaction to the arrival of the "Struma" with its 769 Jewish refugees and his unauthorised suggestion that the passengers might "receive human treatment" if they *reached Palestine gravely upset* the Colonial Office. The Turks were asked to turn the "Struma" back to the Black Sea as nothing could be done for these unfortunate people not even for the children. It was perhaps providential that the boat sank.

Even the modification of Britain's Palestine policy initiated by Lord Cranborne as a result of the "Struma" affair was narrowly construed and this despite the fact that by the spring of 1942 Jewish escape from Europe was almost impossible. Just over 3,000 immigrants reached Palestine in 1943. When the number threatened to rise in late 1944, the modified policy was dropped.

Alas, it was not just concern for the Arabs and the Middle East which shaped British policies. From the start, the government distinguished between "war refugees" and "racial refugees." Even when the full meaning of the "Final Solution" was clearly understood, Britain could not absorb more than 1,000-2,000 Jews though there was room for some 30,000 possible exiles from Holland and Belgium. The British Empire was found, as one official wrote, to have "an absorptive capacity of 'nil'." Herbert Morrison warned that *anti-semitism in Britain* precluded the admission of a larger number of Jewish refugees and urged in 1945 that Jews be compulsorily re-nationalised and sent back to Germany. Neither the Jews from Luxembourg nor Vichy France could be admitted to Britain or the Empire.

The BBC was specifically instructed to avoid references to German atrocities. Even after the condemnation of the Nazi extermination camps in December, 1942, it was thought counter-productive to dwell on such issues. The Bermuda Conference, a "marked success" produced no new concrete measures to save the *few* who could be rescued. British assumption that American efforts were politically and diplomatically suspect as well as the fear of being seen to treat with the enemy led the government to refuse to enter into negotiations over the Romanian Jews in 1943 and the Hungarian Jews in mid-1944.

Despite their own relief actions in occupied Greece, the government was highly critical of the efforts of the American Joint Distribution Board and UNRRA to get supplies to the concentration camps. *Of* all the resistance movements in Europe, the Jews stood almost alone in the near total absence *of aid in any form.* The bombing of Auschwitz, finally approved by Churchill and Eden, was blocked by departmental action.

How does one explain this grim story? Dr. Wasserstein tries out a variety of explana*tions,* all true but all unsatisfactory, i.e. traditional Foreign Office anti-semitism, strategical realities, Arab sympathies, the Fifth Column panic of 1940, the bureaucratic mind with its purposeful de-personalisation of all situations, the failure or inability to grasp the enormity of the catastrophe and the consequent failure to understand the human consequences of decisions made in Whitehall. Whatever the cause, compared to all other exiles and refugees, the Jews received "peculiarly ungenerous treatment."

One doubts whether this book will provoke the kind of controversy which still surrounds the repatriation of Russians to the Soviet Union. But perhaps some modicum of comfort can be taken that the lessons of history contributed to the more humane behaviour at the recent Geneva meeting over the Vietnamese boat people.

Apartheid again BY IAN DAVIDSON

Method in the Madness by John Kane-Berman. Pluto Press. (paperback) £2.95, 256 pages

This book was originally published towards the end of last year in South Africa, under the title *Soweto: Black Revolt, White Reaction:* the author is a young South African journalist, a former Rhodes scholar, employed as an assistant editor on the Johannesburg weekly The Financial Mail, and a frequent contributor to the Financial Times and other British papers. Those who follow South African affairs at all closely will be familiar with his name, as well perhaps with his reputation as a brave, not to say foolhardy, critic of the whole system of apartheid. Those who do not follow South African affairs closely, but would welcome a clear, detailed and analytical exposé of South African racial policy, could hardly do better than start with this book.

As the original title indicates, the trigger for the book was the wave of rioting which started in Soweto in June, 1976, and Kane-Berman covers these events in very considerable detail. I myself feel that, in the wider context of his theme, he is perhaps too scrupulous in *including too much detail* (much of it marginally conflicting) about the precise circumstances of the rioting, who *exactly did what in precipitating* the violence, how many were killed in different places, how many were wounded, and so on.

Historians will no doubt be grateful for his punctilious resumé of the available evidence; but the ordinary reader will quickly grasp the essential *point, that Soweto was a horrific* explosion which epitomised the permanent underlying conflict between the white rulers and *the subordinate blacks of South* Africa. The occasion for the outbreak may have been the imposition of the Afrikaans language in black *schools,* but the root cause is to be found in the general system of apartheid.

Now apartheid is a very emotive subject, whose discussion is liable to provoke a great deal of moralistic heat. Kane-Berman leaves no doubt whose side he is on, but the merit of his book is that it is cool, even pitilessly cold; it is also totally contemporary. Readers who want some historical, imperial, emotional, metaphysical, theological or mythological explanation of how the Afrikaners got themselves to where they are now, let alone any sympathetic rationalisation of their current policy, must look elsewhere. That is not Kane-Berman's concern.

His purpose is to describe, in relentless detail, the policy of apartheid *as it is applied in* practice. The effect is devastating. Kane-Berman is not, perhaps, another John Maynard Keynes, *but his book reminds* me most powerfully of *The Economic Consequences of the Peace.*

I have visited South Africa only once, and then very briefly, last year. I met five of the most influential economic figures in the country, and all of them told me that apartheid cannot work in its present form, or indeed in any similar form. Their argument was simple: black unemployment will reach intolerable proportions unless there is a very rapid growth rate, and that will require rapid *education and promotion of* blacks into positions of equality in the economy.

Kane-Berman's argument is different, but parallel: there is no way in which the vast proportion of South Africa's population can be deported into effective concentration camps in the so-called homelands. It cannot be done. I cannot recommend his book too highly.

Pre-war truck from "The Romance of Metro-Land," a pictorial look with words to match by Dennis Edwards and Ron Pigram of the area served by the Metropolitan Railway, celebrated on television by Sir John Betjeman. A pleasantly nostalgic volume about an era when a house could cost £695 freehold—from Midas Books at £6.50.

Playwright and Press

BY JAMES FRENCH

The Journalists, a triptych by Arnold Wesker. Jonathan Cape, £5.95, 288 pages

Way back in 1971, when the much missed Sunday Times was a power in the land, Arnold Wesker, the former Bright *Young Man of British Drama,* spent six summer weeks at Thomson House, watching how that newspaper came to life. His stay bred some saucy gossip column snippets and a modicum of expectation, particularly among journalists, who love reading about themselves, too.

Eight years later this Wesker triptych is assembled. It consists of a three-hour play called *The Journalists: Journal of the Writing of The Journalists,* and *Journey into Journalism*—a "book of the play," *Wesker's observations during* the six weeks, the factual material from which he sculpted the play.

Wesker has some hard and rude things to say about journalists and critics, and the way this book is constructed, he seems to be saying them in triplicate. Indeed, he says them so forcibly that it is hard not to fall into the trap of justifying his criticism that the profession—or trade—of journalism is hysterically averse to criticism of itself. He does not care much for its ethics and calls its *practitioners Lilliputians. These* are people, *he tells us,* who compete with rather than complement loved ones, and who *resent the fame, influence and achievement of interviewees.*

Methinks Wesker has concentrated overmuch on personality journalism and that which embraces arenas of *national* debate and leader-writing, and neglected the less exciting, less *glamorous mainstream* that fills the majority of newspaper columns. Understandably he has focused his attention on areas and individuals of dramatic potential, but to imply that these are the *generality* of journalism is a distortion, and Wesker is against distortion. Who isn't?

I have never heard journalists pontificating like those in the play, and presumed Wesker was exercising dramatic licence. But the Journey records real journalists' talk that had been imported near-verbatim, and even nearer, into the play. I found the play heavy, the Journal boring, and the Journey revealing. If I had read the *Journey first I am sure I would* have understood and appreciated the play better.

Wesker, who has an obsession with *In Depth* journalism, reveals that Thomson House lavatory paper was hard and glossy. They cannot be using much now.

He discovered that only a fifth of the 9,000 books received annually by the Sunday Times were reviewed. It must be *similar at the FT,* and Wesker's book is actually being reviewed—he should be so lucky!

Objections by journalists who *felt they had been unfairly* done by prompted Wesker not to publish the Journey section until 1977. But I believe there is a far better book to be written. It would tell why and how most of the Royal Shakespeare Company actors assigned to roles in *The Journalists* refused to perform the play, which has received no public professional performance, and the story of the legal controversy between the author and the RSC. That should be a good read.

A Rattigan version BY B. A. YOUNG

Terence Rattigan: the Man and *his Work by Michael Darlow* and Gillian Hodson. Quartet Books, £11.95 360 pages

The themes that run insistently through this biography are that Sir Terence Rattigan was a homosexual, and that most of the characters and the situations in his work reflect people and events from his own life. In the sub-text you will find that he was anxious to prove his virility to a hyper-virile father who disliked his left-wing views, and that he was under the influence of his gay (in the old-fashioned sense), socialite mother most of his days—a complete Freudian pattern, in fact.

All which, as Hamlet said, though I most powerfully and potently believe, yet I hold it not honesty to have it thus set *down. The authors may reply* that much of their information was given them by Sir Terence himself ("although mortally *ill and in continuous pain,*" to quote the authors' introduction) and by his friends and some who are described as his *friends.* I can only *say* that there is a difference, to my mind, between a biography of an eminent man and a gossip-column. Still, the book is here, and if I wish it were not this is no reflection on its intrinsic merits.

This is in fact a pro-Rattigan book, at any rate from the dramatic viewpoint. It is only since his death that *it* has become respectable to say that *he was a good,* even a great playwright. When I had the joy of writing the introduction to the fourth volume of his *Collected Plays* (Hamish Hamilton, £8.50) I was embarrassed to find that of the four plays included I only admired one, *In Praise of Love.* Even his last work, *Cause Célèbre,* which others admired hugely, never seemed to me more than an automatic, and unconvincing, comparison of the *lives of Alma Rattenbury* and Edith Davenport. Fortunately, my brief enabled me to cover the total oeuvre.

Now of those four plays, *In Praise of Love* is the only one that deals with a purely human situation. The others are concerned to some degree with public affairs, and contain characters created by history and not by Rattigan. It is the human plays that he was best at; and if you throw *The Winslow Boy* in my face to disprove me, I must point out that what makes that such a good play is that the public affairs are all kept offstage and the drama seen entirely from the family viewpoint.

Darlow and Hodson quote *Albert Hunt (a one-sided* critic if ever there was one): "If he sacrifices everything to plausibility it's not because of some dramatic theory, it's because that's the way he responds to his material." Of course! This is his strength, not his weakness. The discovery that Rattigan is a great playwright is an illusion if it is based on the discovery of "some dramatic theory." He is a great playwright because of that "sense of the theatre" he was so proud of; he knew how to make an audience laugh, and how to make an audience shudder, and he wrote *outrageous* curtain-lines because, in the face of constant criticism from a powerful intellectual minority, *he regarded the entertainment,* in the broad sense, of an audience as the playwright's duty.

Certainly he used people and events from his own experience in his plays. *Je prend mon bien où je le trouve* might have been his motto. Is *The Deep Blue Sea* any worse a play because it was put into his mind by the suicide of his *friend Kenneth Morgan?* M. C. Bradbrook has pointed out that Hamlet's excessive grief over his dead father may have sprung from Shakespeare's grief over *his* dead father in 1601.

There are evident signs in Darlow and Hodson's book of the speed with which it was assembled, some flat judgments that need more investigation. Too often there are colourful anecdotes that could only live in a pulp newspaper, such as the unlikely tale of Rattigan and Alvin Rakoff believing the boys at a drag show to be *girls. (Mr. Rakoff, maybe; not* Rattigan).

Grudging as is my welcome for the book, it certainly provides a *fairly* complete account of Terence Rattigan's life and an analysis of all his work, including some not now available, like *After the Dance* (which I should like to see) and *Follow My Leader* (which I should hate anyone to see).

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HOW TO SPEND IT

by Lucia van der Post

Eyes right

I'VE never been a great wearer of mascara myself, having the sort of eyes that are allergic to almost everything that might beautify them, but judging by all those desert-island questions most women would rather be stranded without almost every other beauty aid rather than be left mascara-less.

It therefore seemed a good idea, in the middle of the summer season, with holidays very much in mind, to look into the whole question of waterproof mascaras. Do they work and are they worth the money? It's not much good putting on your mascara in the first place if after every dip you emerge with panda eyes circled with smudges. What we were looking for was the sort of product that lives up to the claims on the Christian Dior release—"You can sing in the rain, swim underwater, or enjoy a good cry at the cinema—and you'll still have long, beautiful eyelashes."

We tried out several different makes and describe what we thought of them. One point to be noted is that precisely because they cling better waterproof mascaras are harder to remove and in my opinion should be removed with a specially gentle cleanser made for eyes — Dior's "L'Huile Douce" £3.25 or Guerlain's "Liquid Eye Make-up Remover" £3.20 are especially good.

Being allergic to so many mascaras I was fascinated to discover that I could wear these ones without trouble—possibly because they cling better and didn't dissolve into the eyes. On the whole most were waterproof but when wet should not be rubbed or they will smudge.

Christian Dior: Diormatic waterproof mascara comes in black, blue (a particularly attractive darkish greyish blue) or brown and is the most expensive of the ones we tried, costing £4.70. It was easy to put on, lasted all day and is certainly waterproof. Will, however, smudge if rubbed.

Helena Rubinstein: Colourlash mascara in the skin-life range is £4.00 (in black and brown) and though Helena Rubinstein doesn't claim that it is waterproof, saying only that it is non-smear, its chemical composition is such that it is waterproof. A good unsticky mascara which goes on easily. Our tester splashed her face with water and said that "it doesn't make one look like a panda, just mildly dissipated." It wiped off easily and quickly. *Longlash* conditioning mascara is £2.35, comes in blue (a rather bright blue), black and brown, and was both waterproof and smudgeproof and yet was easy to remove.

Coty: Lavish Lash in black, and brown costs £2.40. It's thick and goes on easily and makes the lashes look splendidly lush and glossy and is waterproof so long as you don't rub the eyes when wet.

Mary Quant: Tearproof mascara in black, brown/black or moody blue is £1.75 and was exceptionally good for staying on. It is waterproof and doesn't smudge but our tester thought it a little thinner than other makes so that her lashes didn't actually look as thick.

Yardley: In black, brownish/black, brown and navy their waterproof mascara costs £1.30. It goes on well, stays on when immersed in water but smudges horribly in or out of water. It was also difficut to get off.

Max Factor: Longlife waterproof mascara in navy, black and brown costs 90p each and seemed excellent value, being waterproof and as reasonably smudge-proof as such things can be.

Miners: All Weather was the cheapest of all at 78p. In black and brownish/black it seemed excellent value. Good and thick. It smudged a little but was waterproof.

You can easily pay up to £50 for a pair of sunglasses particularly if they are adorned with a rather fashionable set of initials at the side, and if you do you might equally easily do what I did and leave them on a shop counter, in a bus or on a train. Never again will I buy a very expensive pair of sunglasses, especially now that there are very attractive cheaper versions around. Boots have brought out a range called Bright Eyes which sell for prices varying between £2.99 and £5.99. Not all shops will have all eight styles but most of Boots Department Stores should have some. Photographed here is "Cat's Eyes," left, with slanted high-pointed frames for £3.99 and "Dazzling Rhinestones," large tortoiseshell frames with rhinestones on the corners for £5.99.

A... a... a... tishoo!

IT IS not a difficult task to spot hay-fever sufferers in summer. They are either sleeping or sneezing. Some, blessed with foresight and an organising mind, have a course of injections in the winter months, the rest of us sneeze with increasing vigour until driven to cannisters of anti-histamine pills covered with awful warnings about alcohol, driving or using machinery. The summer rains of the past week have, therefore, come as a welcome relief.

Although hay fever is something of a social joke, it is an anti-social condition. Not for the hay-fever sufferer the bucolic picnic with romantic undertones. Amorous moves are likely to misfire when accompanied by sneezing fits. Anti-histamines may reduce the sneezes, but they also seem to make the human frame a little sluggish in other areas of activity. Barbecues, tennis, Henley and Goodwood all become forbidden territories. The hay-fever sufferer at Glyndebourne is not a welcome guest.

Not being eager to sink myself in a cloud of chlorpheniramine maleate from June to September this year I tried an ioniser. While continuing to take anti-histamines during the day I retired to the security of my own four walls and a tiny Modulion machine in the evenings. Whatever the theory of ionisers the practice seems to be that the machine attracts all forms of dust in the nearby air, including those irritating pollens.

It seemed to work.

For the past eight weeks I have not once woken to the sneezing fit that has been my summer norm for all my adult life.

Before that is taken as too wildly enthusiastic let me add a couple of caveats. The first is that this was not a scientific test. Perhaps this year was different and I would not have suffered in the morning hours anyway. The other is that in attracting the pollens the machine seemed to attract all available pieces of soot and rubbish available. Each day it has been surrounded by a grey field of dirt.

Ionisers are not cheap, the Modulion costs £44.95 (and I have not worked out the cost of two months' continuous electricity), but on this test appeared effective. As far as I can see it is the only way for a hay fever sufferer to get a full night's sleep without being under drugs for 24 hours a day for three months of the year.

The Modulion is a black metal box measuring 5½ ins by 3½ ins by 3 ins and works off mains electricity. Its makers explain that it works by increasing the level of negatively charged molecules (ions) in the air, thus neutralising the bad effects of positive ions which carry airborne germs, dust, soot, cigarette smoke and other pollutants, including, of course, pollen. It is meant to work for people suffering from asthma, bronchitis and catarrh as well. It is available by mail order from Roncastle, 1-2 Hanover Street, London, W1, p+p is an extra £1.00.

ARTHUR SANDLES

Le Grand Aioli

BY JULIE HAMILTON

ALL the flavour of summertime is contained in Le Grand Aioli, a very special one-course meal. You can display your gardening and culinary skills by using every available fresh vegetable.

The secret of the meal's success is, of course, garlic. Legend has it that garlic is a protection against vampires; in our family we have reason to believe that it prevents the spread of colds and flu; in many homes it is a misunderstood and wrongly feared vegetable.

It is not true that garlic dominates more delicate flavours. Taste aioli sauce by itself and it may well sting the tongue in a disagreeable way, but taste it with any vegetable, fish or cold meat and you will find that it complements and brings out the flavour of all it accompanies.

The aioli sauce arrives on the table piled high in a bowl placed in the centre of a very large flat serving dish and surrounded by the vegetables. In another dish, the whole fish lies in a bed of parsley. No starter is required, but a fresh-tasting dessert would be a mixture of blackberries and raspberries in equal quantities soaked in eau de vie and generously sprinkled with angostura bitters.

Since the quantity of vegetables required will vary according to how many varieties you have grown or can buy, there is no point in giving specific weights. Some of the vegetables can be served raw, the rest should simply be cooked in salted water (no butter) and served cold. If you prefer, you can serve the cooked vegetables hot.

The vegetables

New potatoes boiled in their skins; whole French beans; whole very young runner beans; calabrese; raw and cooked carrots; courgettes, whole if small, but if large cut into 3-inch strips with seeds removed; broad beans; raw and cooked cauliflower; red and green peppers cut into strips; cucumber cut into strips; peeled uncooked tomatoes; raw cabbage cut into wedges; baby leeks; radishes, celery and lettuce.

Aioli sauce — serves 8

2 cloves garlic per person; 3 egg yolks (and one in reserve in case the aioli should curdle, which is not uncommon because such a quantity of garlic will thin the yolks); at least one pint of very best olive oil; 1 teaspoon lemon juice.

Crush the peeled garlic to a pulp in a mortar with a little salt. Add the egg yolks and beat vigorously with a wooden spoon. Add the oil drop by drop; this cannot be done too slowly. As with mayonnaise, you can increase the speed of the oil flow when you have used half of it, but now there is a much greater risk of curdling as the garlic dilutes the egg yolks.

When you have used all the oil, stir in the lemon. The aioli sauce should be shiny, golden and almost solid, holding its form when piled high in the mortar or a wooden salad bowl. If it will not hold its form, add more oil until it does.

The fish

The ideal fish to serve with the aioli sauce is a bass, weighing about 6lbs. If you cannot get one, a codling or a sea bream will do as well. Do not worry if you do not have a fish poacher in which to cook it in a court-bouillon. Thoroughly grease a large piece of tinfoil. Rub salt all over the fish, inside and out. Then rub lemon juice all over.

Place the fish in the centre of the tinfoil and fold it up to seal it, leaving the fish fairly free inside; try not to let the foil cling too closely to the fish. Place in a baking tin, or on a baking tray, and put in a pre-heated oven (gas mark 6, 400F) for approximately 30 minutes. Let the fish cool in the foil then place it on a large bed of parsley and decorate with fresh unpeeled prawns.

Raspberry and strawberry meringue cream — serves 8 to 10

If you are serving Le Grand Aioli as a celebratory dinner, this would make a rather special dessert. It is not quite a pavlova, nor is it quite like ordinary meringue. The inside should resemble creamy marshmallow while the outside should slightly turn in colour.

1 lb strawberries; 1 lb raspberries (half the strawberries and raspberries could be frozen or mushy); 1 pint double cream; 6 tablespoons icing sugar; 8 egg whites; 16 oz caster sugar

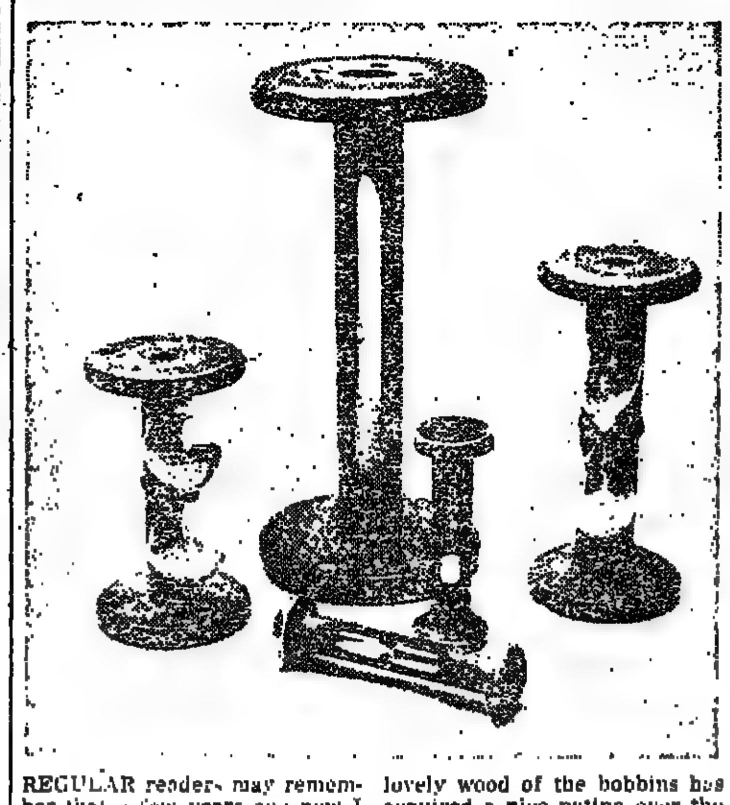
Whisk the egg whites with a pinch of salt until very stiff. Slowly add half the sugar and whisk for at least two minutes, then fold in the rest of the sugar with a metal spoon. Grease a figure of 8 on a flat serving dish which will withstand a gentle oven heat.

Using an icing bag, pipe the meringue round and round on the greased figure of 8. Two or three strips of meringue may be piped on the floor of the two wells you have now formed. Bake in the oven preheated to gas mark 2 (300F) for approximately 1½ hours until the meringue colour turns.

Whip half a pint of cream until stiff, adding three tablespoons icing sugar as you whip. Pass the ½ lb mushy or frozen strawberries through a fine sieve and thoroughly combine with the cream. Pile the mixture into one of the wells in the meringue figure of eight. Pile the fresh strawberries on top. Do the same with the raspberries in the other well.

Presents with a difference

Finding a present with a difference isn't always easy if you don't have a great deal of money to spend. So much of the merchandise displayed in most shops is mass-produced and is to be found all over the country that finding something a little unique, a little special, takes some thought and effort. However, this week I've decided to write about three sources of the unusual or off-beat present, and though you could spend a lot of money, at all of them you could also find a lovely present or memento for very little.



REGULAR readers may remember that a few years ago now I wrote about some charming skipping ropes for children. The handles were made from old discarded bobbins from Yorkshire mills and each skipping rope was sold with a little leaflet about the bobbins and a booklet of traditional old skipping rhymes. The skipping ropes cost only £1.25 and yet they make an exceptionally interesting present.

Since then the company has gone from strength to strength and the range of presents based on discarded mill bobbins has been expanded. Alan Robertson, a York antique dealer, is the man behind the venture. He happened to buy a basket of old bobbins when at a sale of a bankrupt textile mill and then he cast around for ways of using them. The skipping ropes took off at once and since then he has turned the bobbins into egg-timers, cotton-reel holders, corkscrews, dolls, peppermills—the list is endless.

Alan Robertson takes great care only to find appropriate uses for the wood. All the objects are hand-made and the lovely wood of the bobbins has acquired a nice patina over the years. Certainly the dressmaker's friend, the cotton-reel holder based on an old Victorian design, is both useful and appealing and costs £1.75. The egg-timers (see the range of timers in the photograph; they vary in size depending upon the size of the original bobbin) are £1.35, the giant timer is £10.00.

Besides the useful artifacts there is also a charming collection of bobbin dolls (£2.50 each), a bobbin ball and cup game as well as a Yorkshire version of skittles called Kittle Pins.

The Discovery Collection, as all the old bobbin items are called, is available at craft and gift shops up and down the country (in particular, if you're in the area, do go to Gomshall Mill near Guildford which has a particularly nice display of them) as well as being available by post. Postage is 60p per item, except for the giant timer, which is £1 to post. Write direct to: Discovery Collection, Minster Gates, York. They have a shop at the same address if you are in the area.

NOT everybody knows that both at the British Museum itself and at the Museum of Mankind, 6 Burlington Gardens, London W1 can be found a whole host of astonishingly good replicas of many of the items in the museums. These make original and delightful presents or mementoes. And for those who aren't able to get to the museum shops themselves, British Museum Publications runs an exceedingly efficient mail order service (which includes a fully illustrated black and white catalogue with all prices, measurements and historical background) so that you can buy these artifacts from the comfort of your own armchair.

Probably the most successful and best-known item is the replica of the Isle of Lewis chess pieces. These were originally found in 1831 by a peasant digging on the Isle of Lewis. Made of walrus ivory there were 14 draughtsmen, 78 chessmen (and a belt buckle). Sixty-seven of the chessmen are now in the British Museum and eleven are in the National Museum of Antiquities in Scotland. The copies sold by the British Museum are made of resin, are as near to perfect as can be and they can be bought either individually or as a complete set. Prices start at £1.65 for a pawn and go up to £4.80 for a King; the complete set costs £96.

However, besides the chess-set, there is a whole collection of other less well-known replicas. If you can bear a possible delay you could have a copy of the Rosetta Stone (£310) but if you are less ambitious there is a large choice of replicas at prices under £5. You could have a jade bird (but copied in resin, of course) for £2.60, a jade buffalo for £2.60, a torc pendant for £4.25, a bird pendant for £2.50 or perhaps you might prefer an Egyptian ornament on a thong for £3.20. The Ashanti brass gold-dust weight, photographed above, is £3.15.

The jewellery section is particularly enchanting and all the jewellery made from precious metals is hallmarked whilst all the replicas carry the British Museum Publications stamp of guaranteed authenticity. The replicas are made in little craft workshops up and down the country so absolute certainty of supply cannot be guaranteed (items like the Rosetta Stone have to be ordered and only about eight a year are made) but do visit the shops next time you are at either the British Museum or the Museum of Mankind and if, in the meantime, the idea of a skilfully-made replica interests you write to British Museum Publications, 6 Bedford Square, London WC1B 3RA for a copy of the catalogue and all prices and sizes.

READERS who are going to Paris should remember that the shop in the Louvre is a marvellous source of presents of all sorts. The Boutique des Cadeaux stays open till 8 pm every day except Tuesdays when, like the museum itself, it is closed, but it must be one of the few places where the harassed businessman can buy a present on a Sunday.

Photographed above is a copy of an Iranian stag from about 1,000 years BC. It sells for FFr 550 while the Grecian horse is FFr 500. You can also buy much smaller pieces—a Picasso mini-puzzle or a Pharoah's ring, Byzantine enamel or a copy of a pendant more ancient than Croesus. The Louvre also has a thriving business in selling replicas so you could come home clutching something as small as an exquisite figure from Zaire or, if you can persuade the airline to help, as large as a plaster cast of a slave from the tomb of Jules II.

ARTS

Arthurian legends

At this time of year it becomes quite a problem to find something to review on radio that has not been heard before. Seasonally the size of the audience tends to dwindle as people go away on holiday and producers are reluctant to unveil their new goodies until the autumn leaves begin to fall. I have no strong religious objection to repeats as such; they permit one to catch up on past omissions and if you happen to be the compiler of the programme you receive a further fee without any further work, a rare but pleasant experience.

Too heavy a sense of *déjà entendu* does, however, make for a rather dreary schedule just as too many Proms makes Jack a dull boy. How refreshing then to find a radio portrait of Arthur Waley by Francis Watson, brilliantly researched and brimming with revelations about the great man, broadcast this week for the first time. The initial revelation was contained in the title of the programme, *He Never Went to China*

RADIO
ANTHONY CURTIS

(Radio 3, July 31). Like the hero of *A Rebours* his exotic voyaging was all done in the mind. Waley, who was heard in extracts taken from recordings made before his death in 1966, attempted to justify this by saying that a visit to modern China might have distorted the picture he had of its classical past and even have blurred the purity of his translations.

He represented a supreme example of the sedentary scholar who only ever moves from his pad to spend long hours in some great copyright library. Compare C. S. Lewis who, knowing more about Greek literature than most men, only ever once went briefly to Greece. Waley's boundaries were Bloomsbury and the British Museum where has was an official for many years in the Department of Oriental Prints and Drawings. In his declining years they were extended as far as Highgate.

Clearly he had the most remarkable aura of dedication and erudition without ever actually saying anything particularly memorable, it seemed, in conversation. Some people found conversation with him quite sticky but in spite of this he inspired great affection as well as respect in scholars of a different generation like Carmen Blacker, and in Bloomsbury neighbours like Naomi Lewis, both of whom were most perceptive.

The two ladies in his life, Beryl de Zoete, the expert on Oriental dance, and Alison Grant Robinson, the New Zealander he met when she was a student and who officially became his wife in the last month of his life, were both featured. So were a host of eminent friends whose names read like a contents list to a number of Horizon. Kenneth Clark hazarded the opinion that apart from Virginia Woolf, Waley was the one member of the Bloomsbury circle whose work would live. Choice examples of the work were read in both Chinese or Japanese and in English, some times by Waley himself, a clear solemn enunciator.

It was not possible to go at all deeply in the time into the nature of the work and the revolution in understanding it produced, but there were helpful comments about it from people like Raymond Mortimer and Peter Quennell. William Empson compared English versions of the same Chinese poem by Waley and Ezra Pound, not by any means to the advantage of the latter. I was not entirely happy about the flute music improvised by Keith Thompson to break up the talk; it smacked rather of the mysterious east. However, both the compiler and the producer, Piers Plowright, are to be commended for the labour of love that went into the portrait. Many different facets of this remarkable man were touched upon and the final tape transmitted must have required hours of patient editing.

American listeners envy our Radios 3 and 4 which provides a steady flow of such urbane programming. Radio drama at all levels is a rarity for them. However, they do have something rejoicing in the name of "Earplay"—"the radio drama production centre for public broadcasting in the U.S.A." Sometimes Earplay work is transmitted on Radio 3 when it is a joy for British listeners to hear American characters speak with real American accents. In *Ladyhouse Blues* by Kevin O'Morrison (Radio 3, July 29) they were those of the Deepest South where a mother and her daughters await the return in 1919 of the son of the house from war service. This was forceful old-fashioned dramatics: school of O'Neill. A nice change.

Peter De Wint at Cambridge

In the gamut of English watercolour painting, Peter De Wint is one of the handful of artists who can be mentioned in the same breath as Turner, Girtin and Cotman. That he is less familiar to the public than these is sufficient justification for the present exhibition of his drawings and watercolours, organised by the Fitzwilliam Museum, Cambridge, and the Arts Council.

Many artists and poets in the early part of the nineteenth century were increasingly aware of the beauties of the English countryside and De Wint was no exception: at his best he rivals his better known contemporaries in his understanding of nature and in his ability to convey its fleeting atmospheric conditions. His peaceful landscapes with their meticulous observation of the structure of water and skies, trees and plants, buildings and objects, express par excellence the lushness of the English pastoral scene.

ART
BRIONY LLEWELLYN

His life, like his work, was not often dramatic, but one of modest but steady success. He was born in 1784, the fourth son of a doctor of Dutch extraction who had married a Scottish girl and settled in Staffordshire. After an apprenticeship of only four years to the mezzotint engraver John Raphael Smith, he set up independently in Broad Street, Golden Square, with his friend, fellow pupil and future brother-in-law, William Hilton. From here he came into contact with John Varley, and through Dr. Monro's school work of Girtin and Cotman—influences evident throughout his work, but most clearly in the early watercolours such as the *Westminster*, in the exhibition. Surprisingly, in view of his obvious empathy with the country, London remained his home throughout his life, although several months each year were spent sketching and teaching drawing in many parts of England and Wales, especially in Lincoln, his wife's home town.

The regularity of his existence might have produced monotony in his work, but, as this exhibition admirably reveals, his scope can be startling, and includes figure studies, still-lifes and street scenes, as well as landscapes. Although his work defies accurate dating, the 120 odd pictures have been hung around the few chronological pegs which do exist, and within this they have been grouped according to subject matter, juxtaposing different technical approaches to similar objects. The general criteria for David Scrase's selection of the exhibits, given the excellence of the Fitzwilliam's own collection, was good quality and good condition, but, in the interests of showing a cross section of all aspects of his work, such exceptions as the highly finished and mannered *View of the West Front of Lincoln Cathedral, from the Castle Hill*, and the somewhat faded, but signed and dated, *Scalby Mill, near Scarborough*, have been given a place. As compensation among the commissioned or exhibition pieces are *Cookham on the Thames* and *On the Dart*, his latest work, which though carefully composed show a remarkable breadth of light and shade and are glorious watery representations of an English river scene. But a large part of the exhibition consists of those sketches from nature made for himself. Such are *Caerphilly Castle*, *A Seascape*, and *The Clee Hill, Shropshire*, all achieving complex atmospheric effects with often unexpected colours applied on thick paper with a few broad strokes of a wet brush. Indeed De Wint's use of colour is perhaps his most original contribution to English watercolour painting and often has a Post-Impressionist audacity which few of his contemporaries would have dared emulate. Often a predominantly grey, brown or green scene is transformed by a breathtaking touch of vermilion, purple lake or Indian red: on a girl's shirt, a boatman's cap, as in *Windmill and Boatmen*, a river bank, as in *Torksey Castle on the Trent, Lincolnshire*, or on the side of a gnarled tree, as in the Cézannesque *Study of Trees at Lowther*.

The exhibition is at the Fitzwilliam Museum, Cambridge until August 19, and will then travel to Southampton, Stoke-on-Trent, Nottingham and Bolton.

*

An extra plum for admirers of Peter De Wint appears at the end of September in the form of an exhibition of over 60 of his pictures, mostly for sale, at Andrew Wyld's gallery, 3 Cork Street, W1. It is a more informal display than the Fitzwilliam one, having few "grand" drawings, but complementing it in the strength of its quick, brilliant sketches of trees, flowers, boats, cows and rural scenes, and, unlike the Fitzwilliam, including four oil sketches. Pride of place is given to the watercolour, *Matlock High Tor from the South*, dominated by cool, blue tones, and a marvellous example of the artist's mature style.

'Windmill and Boatman' by Peter De Wint

Plans for Wilton's Music Hall

The London Music Hall Protection Society took advantage of Liza Minelli's presence in London to revive interest in its scheme to turn the city's only Music Hall, Wilton's into the National Centre of Variety Entertainment.

On Thursday, Miss Minelli hosted a Gala dinner at the Café Royal to promote Wilton's cause. The society is seeking £600,000 to refurbish Wilton's in its original splendour although, once opened, it will provide contemporary entertainment.

Plans are to open the Music hall in 1980, a century after it was closed. But the new Wilton's will be more than just a modern day variety hall.

It will provide formal training for young artists in the medium of live variety, something which has been lacking in this country for many years.

Fitting-out and equipping the training school will cost £25,000 and another £50,000 is intended for a research centre which will include facilities for the study of the history of popular entertainment.

In addition, the society hopes that it will become a focus for local people in the Tower Hamlets area. Wilton's, which is owned by the Greater London Council, is situated in East London near the St. Katherine's dock complex.

Mr. Peter Honri, who is to be art director of the new Wilton's when it emerges, hopes that industry and commerce will not only provide finance for the renovation work but will continue to support the running of the operation.

He envisages that companies will be able to sponsor a particular artist for a week's performance. Mr. Honri said that this would allow individual firms to be associated with a particular artist or group and would attract good public relations.

He described the atmosphere he wished to create as a cross between the Mermaid Theatre and Ronnie Scott's. Certainly the atmosphere will be very intimate as Wilton's will not be able to seat more than 500 and this may cause some problems in attracting well-known artists unless Wilton's become a place of prestige in the variety world.

ELAINE WILLIAMS

Taking the Mickey

We all know that the main sales season has finished but did Sotheby's have to top the lot with its sale in Belgravia yesterday of a Mickey Mouse to Knowles at £500? "The clockwork toy dressed in yellow shorts and gloves wearing orange shoes and a toothy grin" and the mechanism "causing Mickey to show his tongue and roll his eyes." The sad news is that the toy "has some rust, lacking tail, paint scratched, ear bent." Well, it was made in America about 1930.

SALEROOM
PAMELA JUDGE

The Victoria and Albert Museum was on the prowl in the same house's large rooms and for £55 bought Mrs. Charles Creed's wedding dress. When Patricia Cunningham married couturier Charles Creed in 1948 her wedding dress came from Molyneux—"as many of the clothes were made for Mrs. Creed they are not marked with sizes but vary from 10 to 14." A Gentleman's three-piece suit in corded rust red silk brocaded with a rose lacy diamond trellis and blue sprigs (and a spare pair of breeches) went for £1,750.

Robson Lowe finished the season on Thursday with a sale which made £98,031. The total turnover was £6.3m, or an improvement of some 55 per cent on last year's turnover of £4m. The season was notable for the number of Great Britain collections offered which amounted to nearly £2m. The Pall Mall stamp auctioneer had sales of over £1.6m in Switzerland and £1.4m in Bournemouth.

On Wednesday Phillips Marylebone sold a locomotive for £3,000. The railwayana event realised £16,500 but the star of the sale, which went to a private collector, was the 5 in. gauge "live" steam model of a London North-Eastern Railway Class A4 streamline locomotive. It was scratch built (i.e., not from a kit) and is in the correct livery of Garter blue with maroon wheels. A fine gauge LNER Class P2 engine by H. C. Ireland went for £1,400.

TV Radio

† Indicates programme in black and white

BBC 1

7.40-8.30 am Open University (uhf only). 8.55 Mister Men. 9.10 Boss Cat. 9.35 The Record Breakers. 10.00 Horseback. †10.25 Zorro. 10.53 Weather. 10.55 Golf and Cricket: Colgate European LPGA Championship and Second Test: England v. India.

1.30 pm Grandstand: Cycling (1.35, 3.25) The Newmark Meeting incorporating the British Cycling Federation National Track Championships; Racing from Goodwood (2.05, 2.40, 3.10); Cricket: Second Test (2.20, 2.55, 3.25) England v India; Ladies' Golf (4.00); Athletics (4.30) The European Cup Final; 5.50 Final Score.

6.00 News.

6.10 Sport/Regional News.

6.15 Juke Box Jury.

6.45 Saturday Night at the Movies: "The Americano," starring Glenn Ford.

8.05 Seaside Special.

9.00 Sword of Justice.

9.50 News.

10.00 The Voyage of Charles Darwin.

11.00 The Quest.

All Regions as BBC-1 except at the following times:—

Scotland—11.50 pm News and Weather for Scotland.

Wales—11.50 pm News and Weather for Wales.

Northern Ireland—6.10-6.15 pm Sport/News for Northern Ireland. 11.50 News and Weather for Northern Ireland.

BBC 2

7.40 am-2.45 pm Open University.

2.55 pm Saturday Cinema: "Follow The Boys."

4.30 Cricket and Athletics.

6.55 News and Sport.

7.15 Albion in the Orient: West Bromwich Albion's football tour of China.

8.05 Hitler—A Film from Germany.

9.40 Honour Royal.

10.05 Golf and Cricket highlights.

10.35 News on 2.

†11.00 Masters of Terror "Black Friday," starring Boris Karloff and Bela Lugosi.

12.05 am "The Mummy," starring Peter Cushing and Christopher Lee.

LONDON

8.45 am Sesame Street. 9.45 The Fantastic Four. 10.00 Superman. 10.30 "Trader Horn" starring Rod Taylor. 12.30 pm World of Sport: 12.35 International Sports Special (Part 1) Polo, followed by the Australian Pools Check; 1.15 News; 1.20 The ITV Seven—1.30, 2.00, 2.30 and 3.00 from Newmarket; 1.45, 2.15 and 2.45 from Thirsk; 3.10 International Sports Special (Part 2) Water Ski-ing; 4.00 Wrestling; 4.40 Athletics: Europa Cup Final from Turin, Italy; 5.00 Results Service; 5.05 Athletics—return visit to Turin.

6.30 News.

7.00 Bonkers!

7.30 Mork and Mindy.

8.00 Cannon and Ball.

8.30 Sale of the Century.

9.00 Charles Endell Esquire.

10.00 News.

10.15 Police Woman.

11.10 Heartland.

12.10 am Soap.

12.40 M'Lords, Ladies and Gentlemen.

1.10 Close: Hugh Morton reads from Brother Roger of Taize.

All IBA Regions as London except at the following times:—

ANGLIA

9.35 am Talking Bikes. 10.00 Kum Kum. 7.00 pm Happy Days. 7.30 Bonkers!. 8.00 Sale of the Century. 8.30 Cannon and Ball. 10.15 Fantasy Island. 11.10 M'lord, Ladies and Gentlemen. 11.40 Police Surgeon. 12.10 am At the End of the Day.

ATV

8.55 am The Do-Gooders. 9.35 Talking Bikes II. 7.00 pm Cannon and Ball. 7.25 Saturday Cinema. "Carry On Don't Lose Your Head" starring Sidney James, Kenneth Williams, Jim Dale, and Charles Hawtrey. 10.15 Lou Grant. 11.10 M'Lords, Ladies and Gentlemen. 11.40 Cover Country.

BORDER

9.35 am Jabberjaw. 10.05 Bailey's Bird. 7.00 pm Sam. 7.30 Bonkers! 8.00 The Sale of the Century. 8.30 Cannon and Ball. 10.15 Late Film: "Tony Rome." 12.10 am M'Lords, Ladies and Gentlemen.

CHANNEL

7.00 pm Mork and Mindy. 7.30 Bonkers. 10.15 What's On Next. 10.45 Feature Film: "The Buttercup Chain."

GRAMPIAN

9.00 am About Gaelic. 9.30 Sesame Street. 7.00 pm Mork and Mindy. 7.30 Bonkers! 8.00 Sale of the Century. 8.30 Cannon and Ball. 11.10 M'Lords, Ladies and Gentlemen. 11.40 Reflections. 11.45 Barney Miller.

GRANADA

9.25 am The Do-Gooders. 10.05 Happy Days. 10.30 The Mersey Plate. 7.00 pm SAM. 7.30 Bonkers! 8.00 Sale of the Century. 8.30 Cannon and Ball. 10.15 Showjumping: The Great Northern Show from Chorley. 11.10 M'Lords, Ladies and Gentlemen. 11.40 The Late Film: "The Naked Runner," starring Frank Sinatra.

HTV

9.05 am Parents' Day. 9.35 The Beachcombers. 10.05 Batman. 7.00 pm Mork and Mindy. 7.30 Bonkers. 8.00 Sale of the Century. 8.30 Cannon and Ball. 10.15 S.W.A.T. 11.10 M'Lords, Ladies and Gentlemen. 11.40 The Electric Theatre Show. 12.15 Mr. Magoo.

HTV Cymru/Wales. As HTV General Service except:— 7.00-7.30 pm Eisteddfod Genedlaethol 1979.

SCOTTISH

9.35 am Talking Bikes II. 10.00 Cuir Car. 7.00 pm Mind Your Language. 7.30 Bonkers! 8.00 Sale of the Century. 8.30 Cannon and Ball. 10.15 Showjumping—The Border International Championship. 11.10 M'Lords, Ladies and Gentlemen. 11.40 Late Call. 11.45 Police Surgeon.

SOUTHERN

9.00 am Sesame Street. 10.00 Bailey's Bird. 10.27 Regional Weather Forecast. 7.00 pm Mork and Mindy. 7.30 Bonkers! 8.00 Sale of the Century. 8.30 Cannon and Ball. 10.15 Soap. 10.45 Stiletreet. 11.40 Southern News. 11.45 M'Lords, Ladies and Gentlemen.

TYNE TEES

9.00 am Cartoon Time. 9.10 Ghost Busters. 9.40 Space 1999. 10.40 Saturday Movie. 7.00 Happy Days. 7.30 Bonkers! 8.00 Sale of the Century. 8.30 Cannon and Ball. 10.15 Police Story. 12.00 Maude. 12.30 am Epilogue.

ULSTER

7.00 pm SAM. 7.30 Bonkers! 8.00 Sale of the Century. 8.30 Cannon and Ball. 10.15 Fantasy Island. 11.10 M'Lords, Ladies and Gentlemen. 11.40 Sports Results. 11.50 Barney Miller.

WESTWARD

9.30 am Untamed World. 9.55 Look and See. 10.00 Rocket Robin Hood. 10.25 Gus Honeybun's Birthdays. 12.27 pm Westward News. 6.57 Westward News. 7.00 Mork and Mindy. 7.30 Bonkers! 10.15 What's on Next. 10.45 Feature Film: "The Buttercup Chain," starring Hywel Bennett. 12.25 am Faith for Life. 12.30 West Country Weather Shipping Forecast.

YORKSHIRE

9.00 am Cartoon Time. 9.10 Spiderman. 9.30 Space 1999. 7.00 pm Mork and Mindy. 7.30 Bonkers! 8.00 Sale of the Century. 8.30 Cannon and Ball.

RADIO 1
(S) Stereophonic broadcast.

RADIO 2

RADIO 3

VHF with Medium Wave above except 8.00-9.00 and 11.25 am-6.40 pm as follows: 8.00-9.00 am Open University. 11.25 Bandstand (S). 11.55 Dresden State Orchestra (S). 1.00 pm News. 1.05 Schiller Trio (S). 2.00 Schubert's

RADIO 4

BBC Radio London

London Broadcasting

TV RATINGS
w/e 29 July

UK TOP 20 (Viewers m)

1 Explorers of the Deep (BBC)	13.40
2 Ask the Family (BBC)	13.35
3 Nationwide (Mon) (BBC)	12.30
4 Nine o'clock News (Mon) (BBC)	12.10
5 Coronation St. (Wed) (Gran)	12.00
6 Crossroads (Tue) (ATV)	11.50
7 Sapphire and Steel (Tue) (ATV)	11.25
7 Crossroads (Thur) (ATV)	11.25
9 Crossroads (Wed) (ATV)	11.15
10 Winner takes All (Yorks)	10.95
11 The Serpent (BBC)	10.80
12 Sapphire and Steel (Thur) (ATV)	10.45
13 The Last of the Summer Wine (BBC)	10.20
14 Seaside Special (BBC)	10.00
15 Sword of Justice (BBC)	9.75
16 The Krypton Factor (Gran.)	9.50
16 Tropic (ATV)	9.50
18 Petrocelli (BBC)	9.40
19 Don't Just Sit There (Yorks)	9.35
20 The Comedians (Gran)	9.30

Note—ITV off air Monday July 23, 1979. All areas except South West.

Figures compiled by Audits of Great Britain for the Joint Industry Committee for Television Advertising Research (JICTAR).

U.S. TOP TEN (Nielsen ratings)

1 Three's Company (comedy) (ABC)	23.8
2 WKRP (comedy) (CBS)	23.0
3 MASH (comedy) (CBS)	22.8
4 Taxi (comedy) (ABC)	22.3
5 Lou Grant (drama) (ABC)	22.2
6 Jefferson (comedy) (CBS)	22.2
7 Alice (comedy) (CBS)	22.0
8 Mork and Mindy (comedy) (ABC)	21.8
9 Laverne and Shirley (comedy) (ABC)	20.7
10 Vegas (drama) (ABC)	20.8

CHESS SOLUTIONS

Solution to Position No. 279

1 R-R4, N-R4; 2 RxN, PxR; 3 B-K4, N-N3; 4 NxP! Resigns. If 4...PxN; 5 QxN ch, K-R1; 6 Q-R7 mate.

Solution to Problem No. 279

1 RxP (threat 2 Q-Q6), K-B5; 2 RxN, or if KxP; 2 Q-K7, or if K-Q5; 2 N-B3. Not 1 R-Q4? N-B4!

WEEKEND CHOICE

SATURDAY—Sport and some interesting movies having their first showing on British TV dominate the weekend. Today The European Athletics Cup Final is on both BBC1 (4.20) and ITV (4.40). The Second Test is on BBC1 this morning and BBC2 in the afternoon and evening. BBC1 shows the first part of Hans Syberberg's much discussed seven-hour film Hitler and BBC2 gives a first showing to a 40-year-old Karloff/Lugosi horror movie, Black Friday.

SUNDAY—Athletics again at 4.15 on ITV and 4.30 on BBC1. After Sebastian Coe's recent astonishing records no doubt many will watch him in today's 800 metres. Face The Music returns to BBC2 at 9.00 with Joseph Cooper, Joyce Grenfell, Bernard Levin and Robin Ray. BBC2 offers another "first TV showing" at 11.05 with Chabrol's Ten Days Wonder, adapted from an Ellery Queen novel and starring Orson Welles and Anthony Perkins.—C.D.

The problem of repairs to treasured things

FINDING a good craftsman to restore or conserve a treasured antique is always something of a problem. "I have some damaged figures, Chelsea and Dresden," wrote a reader from Oxford recently, asking me to recommend a fully qualified professional who could restore them to more or less perfect condition, while going on to admit that he did not want to get involved in heavy expenditure.

My answer was that if you expect a highly skilled craftsman to do a really worthwhile job, it will not be cheap. Fortunately there is a large band of dedicated workers around Britain that offer specialist services, to be found either by recommendation from another collector, local dealer, museum staff and so on, or through the recognised craft organisations.

As to cost, as Graham Childs, who runs Alpha (Antique) Restorations, points out, every single job is different: "And one never knows how long a job will take. For instance you could tell me you had an antique table with a badly marked top. It might just need cleaning and reviving, but until I had determined whether the blemishes were acid marks to be neutralised, or burn marks to be taken out, the wood replaced and matched in from other parts of the table, and the whole thing completely repolished, I wouldn't know how much work was involved."

One of Graham's specialities is putting right botched-up repairs, i.e. wrinkled and irregularly portioned veneers, out-of-period insets, etc.; one of his most challenging jobs was building a base for an 18th-century long-case clock where the original base had been sawn off, probably to get it into a smaller house! He mixes his own stains and polishes, and has a collection of old tools. If you have something that needs restoration, and live within a 70-mile radius of his workshop, write to Graham Childs, Alpha (Antiques) Restorations, High Street, Compton, Berks., or telephone 063 522 245 to make an appointment to take the piece in.

Leslie M. Hall, member of The Guild of Master Craftsmen, carries out antique furniture restoration including hand-polishing, carving, plaster and gesso work, and woodworm treatment. I saw him finishing off the repair of an antique gilt mirror, the eagle-top of which was badly broken. Pieces had to be put in, then re-carved and re-gilded. Enquiries for this kind of work to Leslie Hall, Malvern Studios, 56, Cowleigh

COLLECTING

JUNE FIELD

Road, North Malvern, Worcestershire.

Geoffrey Cooke, also a Guild member, who directs "Antiquo" Workshop (from the Latin for "to restore a thing to its former condition"), 150, London Road, Kingston-Upon-Thames, Surrey, 01-546 9677, deals with every kind of antique restoration with the exception of furniture and plate glass, and welcomes overseas enquiries. His notepaper lists 34 items on which he can work, ranging over arms and armour (some years ago he made some of the weapons for the film *Cromwell*), pottery, porcelain and instruments (scientific and optical): "I deal with a vast array of materials, such as tortoiseshell, enamels, metals, timbers, leathers, stones, fabric and so on, each having their own characteristics and methods of working. Whether they have to be carved, polished, cut, engraved or chased, each have their own beauty, and above all, have to fit in and create a perfect match with the item that is being restored."

Clare Finn, who has just taken charge of the Chelsea restoration and conservation studio of James Bourlet and Sons, the 150-year-old fine art firm, was previously Senior Keeper of Restoration and Conservation at the Herbert Art Gallery and Museum, Coventry for five years.

In Bourlet's studio, 249 Fulham Road, S.W.3, Clare applies her skills to pictures which have, in the main, been hanging in private houses where variations in humidity and in *temperature constitute the* principal dangers. "Such variations are a threat to easel paintings, whether they are on canvas or wood. In the latter case, for example, movement can take place in the wood, leading to cracks and blisters on the picture surface and to paint flake-off," says Clare, who worked on the restoration of the 17th century masterpiece *Bacchus and Ariadne* by *Luca Giordano*, one of the largest restoration tasks to be undertaken in an English museum for many years.

Jill de Poix, Onslow Galleries, 1, Onslow Road, Southampton, restores bamboo furniture, the lightweight mass-produced pieces of the late Victorian to mid-1920s era. She cleans it, strips it of surface paint, and remats with rattan where necessary.

"Restoration prices depend on condition, but a straightforward job on a table starts at £6; a wardrobe, £50. Any pieces that have structural damage or pieces missing cost slightly more. Also anything painted, has to be dry-scraped, which is time-consuming. This is only a rough guide, and I really have to see a piece to give a fair price."

The gallery also has over 170 bamboo items for sale, including tables, chairs, dressing tables, chest-of-drawers, overmantles, chiffoniers, china cabinets, canterbury's, bookcases and hall stands. Prices start from about £15 for a basic-style table, to £50 for the more ornate variety with lacquer top, while a large wardrobe could be nearer £150, again depending on the degree of repair it has undergone.

If you live in London then you will find experienced restoration craftsmen in the newly created workshops at Grays Mews Antique Market, 58 Davies Street, W.1, across the road from Bond Street Station.

For lists of members who can advise on repairs to antiques write (with sae), to The British Antique Dealers' Association, 20 Rutland Gate, London SW7, and the London and Provincial Dealers' Association, 112 Brompton Road, London SW3. *The Master Craftsman*, journal of the Guild, is now available to non-members, £1.25, from Bernard C. Cooper, Guild of Master Craftsmen, 10 Dover Street, W.1.

Geoffrey Cooke, Guild of Master Craftsmen member, who runs "Antiquo" Workshop, 150 London Road, Kingston-Upon-Thames, Surrey (01-546 9677), repairing and restoring an art nouveau figure.

Here comes the mini-Dollar

ON JULY 2 the United States took a major step forward in the global struggle to replace paper money by high-denomination coins. While the battle to introduce a "round pound" in Britain seems to have got nowhere the U.S. has launched the mini-dollar, a cupro-nickel coin which is actually smaller than the current 50 cent piece and only slightly larger than the quarter. Though circular, it is immediately distinguishable by the 11-sided border on both obverse and reverse. The allegorical motif of the American eagle landing on the surface of the Moon, first used for the large-sized Eisenhower dollars, has been retained for the reverse of the new coin. The obverse, however, breaks entirely new ground.

Originally, when the mini-dollar was first mooted three years ago, it was decided that the profile of Liberty should grace the obverse, but in May 1978 Senator William Proxmire suggested that the portrait of Susan B. Anthony, the pioneer of women's rights, should be used instead. This suggestion, not surprisingly, was received sympathetically by the Under Secretary of the Treasury, Mrs. Better Anderson, and the Director of the U.S. Mint, Mrs. Stella B. Hackel. Whatever bastions of male chauvinism remain in America the Mint is certainly not one. Apart from a brief period in the late 1950s the Mint has had a lady as Director since 1933. The mystery is that it has taken so long for the U.S. to get around to depicting a female personality on its circulating coins.

The fact that this is the only coin portraying a woman is now being claimed as a point in the new dollar's favour, making it easier to identify. Apart from the 11-sided inner border (a feature probably borrowed from our own seven-sided coins but without the difficulties in

America's new Dollar

COINS

JAMES MACKAY

rolling which the 50p has) the new dollar is easy to distinguish by size, being larger than the quarter—implying that the 50c coin is virtually non-existent as a circulating coin. Logically this coin should also be reduced in size, but this would inevitably lead to a scaling down of all the other cupro-nickel coins and may not be practicable.

The main advantages of the new dollar are its convenience in handling, its low cost relative to the "greenback" whose circulating life these days is only a matter of months, and the ease with which it may be used in vending machines. The campaign which has been mounted by the federal authorities to win acceptance for the coin is using a cartoon with the caption "Happiness is a dollar that won't blow away."

The coins are being minted in Philadelphia, Denver and San Francisco and can be identified by the mint marks, P, D and S, which appear above Ms. Anthony's right shoulder. Below her left shoulder, and beneath the eagle's tail on the reverse, are the initials of Frank Gasparro Chief Engraver of the Mint who sculpted both sides. Some 500m dollars were ready for distribution by the 37 Federal Reserve Banks on July 2, so that the coins would be available to the public before the national holiday on July 4. Production is continuing at the rate of 80m coins a month.

The aim is to drive the paper dollar out of circulation. Acutely aware of the immense problems in overcoming public antipathy to a coin the U.S. Government is spending a small fortune on promotional material for "the dollar of the future." This outlay should soon be recouped, since the Federal Reserve System has already estimated that it will save $50m a year through the reduction of printing, processing and destruction of dollar bills. The Treasury Department report a 60 per cent saving of the costs of minting the obsolescent and very cumbersome Eisenhower dollars, which were never more than collectors' items anyway.

Many of the Federal Reserve Banks held media events to coincide with the introduction of the new coin. In addition a ceremony at the White House began a series of events celebrating the release of the mini-dollar throughout the country, including a ceremony on July 2 at Rochester, N.Y., where Susan Anthony resided for 50 years, a Susan B. Anthony Rally in New York on July 3 and a ceremony the same day at the Verrazano Narrows Bridge (linking Staten Island and Brooklyn) where the dollar toll gates had been converted to take the Anthony dollar. Other events, which turned the launch of the new coin into a political jamboree included the July 6 ceremony at Adams, Massachusetts (Ms Anthony's birthplace), the Women's Rights Convention at Seneca Falls on July 19-20 and the meeting of the National Federation of Business and Professional Women in Boston last week.

The government campaign for acceptance of the Anthony dollars is encouraging Susan B. Anthony displays in local libraries, as well as exhibits at state and county fairs to create awareness of her accomplishments and, incidentally, the issue of the new dollar. The 10th anniversary of the Moon landing on July 20 gave a fillip to acceptance of the coin, but the present publicity campaign is scheduled to reach its peak on August 26, the anniversary of the 19th Amendment to the Constitution in 1920 conferring the right to vote on women.

An unlikely final four

THE ENGLISH amateur championship, bereft of its eight seeds, produced perhaps the unlikeliest last four in the 49 years of its existence.

Before this week at Royal St. George's began, the avid amateur golf watcher might perhaps have heard of David Williams and Roger Chapman, but only a relative few in the Midlands would have known how good Andrew Carman was. The quartet was completed by Alastair Welles, a 19-year-old medical student who only got into the championship because six players scratched. He plays off a handicap of three, which has not prevented him from removing the Essex youngster, Paul Curry, a possibility for the England side, and also Ian Bradshaw, who on current form is probably number three in the country, behind Peter McEvoy and Paul Downes.

As it emerged Carman beat Welles by 4 and 3, and meets Chapman who beat Williams by 6 and 4.

Welles had perpetrated the stroke of the championship when beating Bradshaw. The latter had driven the second green, 341 yards away, in extra holes, and could properly feel confident about ultimate victory.

GOLF

ROGER PAUL

But Welles, undeterred, took a three wood and hit his ball to 15 feet.

Bradshaw, of course, three putted; Welles took two putts for his birdie and a remarkable win. Gerald Micklem, a former *captain of the club, said later* that Bradshaw could feel particularly unfortunate because to drive that green one needed several fortunate bounces and for those bounces to occur to two tee shots in succession was almost unheard of. "Joe Carr tried to drive that green about a dozen times in one event," said Micklem, "hit it left and lost his ball every time."

Williams, who met Chapman, was in the semi-finals after a series of adventures which would have taxed the imagination of a Boy's Own Paper writer. Playing the 53-year-old Reg Glading, possibly the oldest scratch player in the country, he got a let-off during extra holes, when, at the 20th, Glading missed a six-foot put for the match.

Glading then hit his tee-shot at the short 21st under a tree, had to take a penalty drop, was on the green in three, and two-putted for a five. Williams, 10 feet from the hole in 2, then missed his first putt by 18 inches, and from there hit the hole and spun out to about a foot. Glading, generously, gave him that one, and they went on to the 22nd.

There the older man hit another dreadful tee-shot, this time into the massive sand hill on the right, and the ball plugged. Glading had problems in even getting to his ball, because there is so much sand there that you cannot simply walk up the face of the bunker. Having got to his ball, he had a vicious stab at it, lost his footing, and fell a good 25 feet down to the bottom, somersaulting twice on the way.

The ball, in that totally uncaring way that they have, remorselessly followed him down and hit him as he lay helplessly on his back.

There is, naturally, a clause to cover the occasion, and it is Rule 26 (2a), which says, unfeelingly, that, if in match play a ball be stopped or deflected by himself, the player shall lose the hole. Referee Peter Davidson had to apply that rule, doubtless with a good deal of sympathy, and afterwards Glading, who has been in the semi-finals of both this and the Amateur Championship before, said: "I don't mind bunkers, but that thing is simply ridiculous. In fact, it's dangerous. I think they should take a bulldozer to it, and make a proper, playable bunker."

Chapman reached the semi-finals stage with a win full of character over Ian Simpson. Chapman was four down at the turn and still three in arrears, with only five to play. He won the 14th and Simpson hooked his second to the 15th, hitting the former English Golf Union president, Myles Boddington, on the head, to lose the hole. Simpson went on to lose the 17th and 19th holes, both to pars.

Carman has won several important battles this week, mostly with himself. Two years ago, he saddled himself with the ambition to play for England and, as he knows he is good enough, all he had to do was prove it. But, as the professionals find out in every Ryder Cup year, proving it is the difficult bit, and, as Carman has tried harder and harder, his results have been worse, not better. This week, however, he has beaten Paul Carrigill, an England player, and David Whelan, a prospective international, and of all the semi-finalists, Carman certainly hits the ball farthest and straightest.

Views of Jacklin

I WONDER if you can guess who said the following, and of whom? "To me it's sad what he has done with his career, with his ability. I never saw a man go from so high to so low.

"And there is a reason for it. This is something I can give and not say it's my opinion, this is a definite fact. He and I used to have many discussions and I can remember sitting with him at the Lancome tournament in 1970 in Paris—he'd just won—and we were sitting, waiting for the prize-giving to start, and he said to me: 'Why do you practise all the time? I sit here in the club house every day and I see you beating balls, beating balls, beating balls.'

"I said, things are going very nicely for you now, but you remember the day when we were talking about this point you will realise one day when you don't play so well any more—and I didn't think it was going to come so quickly—how important practice and hard work really are. He said: 'Well, I don't agree with you, all this game is really, is tempo.' If tempo were the answer to the game, everybody would be a champion. It's a lot more than just tempo. He plays in Britain, then says he wants to go to America. He goes there and says he want to come back home, and that's all because he lost the ability, this flair for his good play. I am convinced in my mind it came about through not practising, being lazy."

The speaker was, of course, Gary Player, and the subject of his lecture was Tony Jacklin. The story is told in a new book, just published by Hamlyn at £5.95, called "Tony Jacklin. The Price of Success," and it is written by Liz Kahn.

CHESS

LEONARD BARDEN

HOME PREPARATION can be a productive approach to improving match and tournament results at the chessboard.

Study of a favourite opening in depth has become simpler in recent years due to the easy availability of reference material such as Chess Informant and The New Chess player, periodicals which list games in order of their openings; the Batsford monographs, and the five-volume Encyclopaedia of Chess Openings; and, most recently, the RHM survey.

This last publication is a continually updated looseleaf system which includes current master games on selected openings together with grandmaster analysis of the latest trends.

The first three openings in the series are the Sicilian, Kan variation with analysis by Karpov; the Nimzo-Indian; and the King's Indian, Four Pawns and Samisch Attacks. Issues of the RHM Survey are available from most leading chess periodical dealers.

One opening system which frequently occurs in practice, is clear and easy to understand, and has been used at all levels from Bobby Fischer down to club games is the King's Indian Attack. The basic premise is simple: White sets up a King's Indian Defence layout (N-KB3, P-KN3, B-N2, 0-0, P-Q3 and P-K4) and hopes to use his extra starting move to gain time for an attack on either flank, normally the king's side.

An asset of the KI Attack is that the standard format can be achieved more or less irrespective of how Black develops his own pieces. The eventual aim of the opening is to advance P-K5 and use the KP as a launching pad for attacks on the dark squares.

The basic formation can be reached from several openings. It is achieved from the Sicilian Defence by 1 P-K4, P-QB4: 2 N-KB3 and 3 P-Q3, from the French Defence by 1 P-K4, P-K3: 2 P-Q3, or from Reti-type openings by 1 N-KB3, N-KB3: 2 P-KN3 followed by 3 B-N2 and 4 P-Q3, or even by 1 P-KN3. The opening is also valid, with slightly less effect, against the Caro-Kann by 1 P-K4, P-QB3; 2 P-Q3, against the Pirc or Modern Defences by 1 P-K4, P-KN3; 2 P-Q3, although it is too passive in classical KP openings with 1 P-K4, P-K4.

This week's game, from a team match, is a little-known example which illustrates White's strategy.

White: Hulak (Yugoslavia). Black: Nonnenmacher (West Germany). Opening: King's Indian Attack (team match 1975).

1 P-K4, P-QB4; 2 N-KB3, P-K3, 3 P-Q3, P-Q4; 4 QN-Q2, N-KB3: 5 P-KN3 B-K2; 6 B-N2, 0-0; 7 0-0, N-B3; 8 R-K1.

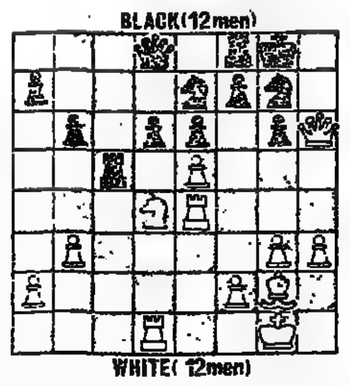
The basic position where White's strategy is to control the K-side dark squares. Short-term techniques to aid the plan include: (a) a K5 pawn wedge supported by R-K1 and Q-K2 and/or P-QB3 and P-Q4; (b) regrouping the QN via Q2 to KB1, KR2 or K3, and then KN4 to support the K5 pawn and attack the BK; (c) developing the QB at KB4 or KN5—this usually comes late in the plan; (d) pushing the KRP towards KR6 to weaken the dark squares (if Black plays P-KN3) for White's pieces to invade, or else to set up a target for sacrifices (if Black plays P-KR3).

8 . . . R-N1? (too slow; P-QN4 at once is best); 9 P-K5, N-K1; 10 N-B1, P-QN4; 11 P-KR4, P-QR4; 12 P-B3, P-N5; 13 N(1)-R2, B-Q2; 14 P-B4 (stopping any counterplay by . . . N-B2-N4 and N-Q5 or B6; White would not need this precaution if Black had retreated his knight to Q2 rather than K1), P-R5; 15 B-B4, R-R1 (admitting move 8 was wrong); 16 N-N5, N-B2; 17 Q-R5 (since Black has lost time, White can make a direct piece attack rather than soften up the K position with P-KR5-6), P-R3; 18 N-N4 (threatening to sacrifice at KB6). PxN; 19 RPxP, R-R1, 20 N-B6 ch! PxN; 21 B-K4! Resigns.

The finish looks spectacular, but it is easily foreseen by a player familiar with KI Attack strategy. If PxB; 22 K-N2 and R-R1 wins, or if P-B4; 22 P-N6, PxNP; 23 QxP ch, K-R1; 24 K-N2 B-R5; 25 R-R1, BPxB; 26 B-N5 and wins.

POSITION No. 279

BLACK (12 men)

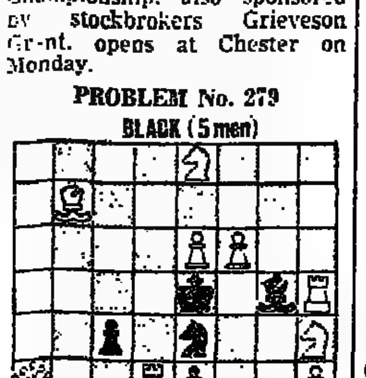


WHITE (12 men)

C. J. Morrison v. N. E. Povah. Grieveson Grant British Championship 1978. How did White (to play) transform his attacking position into a win within a few moves? The 1979 British Championship, also sponsored by stockbrokers Grieveson Grant, opens at Chester on Monday.

PROBLEM No. 279

BLACK (5 men)



WHITE (11 men)

White mates in two moves, against any defence (by N. Sirlan, 1st prize The Problemist 1976).

Solutions Page 12

BRIDGE

E. P. C. COTTER

Challenge faced

I FOUND *Adventures in Card Play* by Geza Ottlik and Hugh Kelsey (Gollancz £7.95) a most remarkable book. We read on the jacket that "the reader who embarks on these adventures must expect to face a stern intellectual challenge." I can vouch for the truth of this statement. There is a great deal to interest the expert, provided that he is prepared to do some hard work, but this is not a book for the average player.

For all that you will find the *Knock-out Squeeze* an exhilarating study:

W.	N.	E.
	♠ A 10	
	♡ A K 7 5 2	
	♢ A 10 4	
	♣ K Q 6	
♠ 4 3		♠ 8 7 5 2
♡ J 10 9 8 3		♡ Q 6
♢ 9 8 5 2		♢ K Q J
♣ 10 9		♣ A J 3
	S.	
	♠ K Q J 9 6	
	♡ 4	
	♢ 7 6 3	
	♣ 7 5 4 2	

At love all East dealt and bid one no trump (13-15 points) to which West replied with two diamonds, a transfer bid demanding a heart response from the opener. Over East's two hearts South butted in with two spades. North not unnaturally bid three no trumps, but South, with little liking for no trumps, bid four spades, and all passed.

West's lead of the diamond nine was taken on the table, and the two top hearts were cashed, allowing one of the diamond losers to be discarded.

Then the declarer, always keen on dummy reversal, led another heart, which seemed to cause East great embarrassment. After some hesitation East ruffed—which was very surprising — South overruffed, and started to work things out.

East must, it would appear, have a 4-2-3-4 pattern, and this was confirmed when on South's club lead towards dummy West produced the ten. East took the Queen with his Ace, and returned a trump in order to prevent a club ruff on the table.

To maintain flexibility South played his King, overtaking with dummy's Ace. Then, because the last heart lead seemed to upset his right hand opponent, declarer led another of dummy's

W.	N.	E.
	♠ 10	
	♡ 7	
	♢ 10 4	
	♣ 6	
♠ 4		♠ 8
♡ J		♡ —
♢ 8 5 2		♢ K Q
♣ —		♣ J 8
	S.	
	♠ J 9	
	♡ —	
	♢ 7	
	♣ 7 5	

hearts. Again East produced a trump. South overruffed with the Queen, and crossed to the club King, leaving a five-card ending.

Now declarer led the last heart from the table, and East had no good discard. If he threw a diamond, South would ruff with the Knave of spades for his eighth trick and concede a diamond. Then East would have to return a trump to prevent the declarer from making his trumps separately, and dummy would score the ten of diamonds. If, on the other hand, East chose to discard a club, South would ruff the heart with the nine of spades and concede a club trick, and once again East would be faced with a Morton's Fork dilemma.

In actual play the East player decided to be consistent and ruff with his eight of spades. It was now immaterial which spade the declarer used to overruff—he, in fact, used the nine, and then threw the lead with a diamond. Now there was no way of preventing South from scoring his trumps separately.

The author calls this a non-material squeeze against idle trumps, acting through a partial dummy reversal. South lacked the tempo to set up and enjoy a long club, but the everpresent threat of a club ruff in dummy was worth a tempo.

You may think that East would feel the same pressure if South *discards* three hearts on his trumps instead of ruffing them, but you are wrong. The threat of actually completing the dummy reversal is a vital part of this complicated system of menaces.

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Saturday August 4 1979

Profitless prosperity

IT WAS NOT *very long ago* that a rise in the reserves was regarded as a rare and hopeful piece of news. But the sharp rise in the gold and currency reserves announced this week was a sign of the extremely powerful upward pressures on sterling which are causing concern in British industry. Indeed the fact that the reserves should have risen so much at a time when official policy is meant to be one of only temporary short-term *intervention to smooth out* fluctuations is itself notable. Cynics might be inclined to say "some smoothing."

Yet there is no new rule that sterling must *always rise. In* the very same week that the high reserve figures were announced for July, sterling took its first major knock for *several months. Although it is still higher* than any forecaster at the beginning of the year expected, part of July's gains have, *in fact*, been wiped out. The odds are nevertheless that we have not yet seen a decisive turnround in the pound.

Sterling

For in contrast to past experience the mini-boom that we have had so far in 1979 has accentuated the upward pressures on *sterling*. The *much-forecast* recession has been remarkably slow in coming. Banks still report high loan demand. Consumer spending has been extremely high. There are the effects of income-tax reduction still to come in this quarter; and it is only in this July that there have been slight signs of weakening in the vacancy figures. The labour market is still tighter than when the Labour Government checked public spending and tightened monetary control in 1976.

If the authorities are operating a rigid money supply target, against a background of both rising real activity and an accelerating rise in prices, the result is bound to be high interest rates and a tight squeeze on credit. The effect is to draw funds into London and discourage the extension of credit overseas. The tightness of the real squeeze on credit is probably just as important as *the oil balance in accounting* for sterling's strength.

Although 1979 has seen domestic prosperity of sorts, it has been a pretty profitless one. The main feature of last Wednesday's NEDC meeting was the estimate presented showing a large decline in the real rate of return on capital. The CBI expects the return this *year to fall to 3 per cent or less* (excluding North Sea oil), below even the record low of 1975. There has been a trend fall in the rate of return in *many countries; but it has been* more consistently downwards and reached lower levels in the UK.

In view of these results there is little to be gained from the crude subsidy of investment which has passed for industrial policy in so many countries. As the NEDC Director General showed, the ratio of investment to output in the UK is not low by international standards.

Targets

Nor is an answer to be found in abandoning the monetary targets or trying to engineer a sterling depreciation. This would be at best a temporary "fix," which would in the end just lead to more inflation without bringing any permanent improvement to profitability. It might help if fiscal policy were a little tighter and the Government were a less active competitor for available funds. But in the end profitability will be restored to international levels only if the Government continues to *dismantle* the exchange controls which allowed such discrepancies to accumulate between the rate of return here and overseas.

*In addition, the more competi*tive international environment should feed through into wage costs. The whole concept of an automatic annual wage round belongs to an inflationary world with a depreciating pound. In today's circumstances there is no justification for real annual wage increases except in return for genuine productivity improvements. The scope for such improvements, in comparison to Britain's main competitors, is so large that there is room both for higher profits and higher living standards—even in a harsh world climate—if management and workers appreciate this.

FT Moscow man

WE ARE happy to be able to tell our readers that the Soviet authorities have decided to renew Mr. David Satter's *accreditation as our Moscow* Correspondent for a further six months.

We trust that the extension of his accreditation means that Mr. Satter will be given the full facilities available to every other correspondent in Moscow, and assume that he will suffer no interference in carrying out his duties.

Mr. Satter, in whom we have the fullest confidence, must now be allowed to get on with his job in the normal manner.

The year Britain's tourist boom ran out of steam

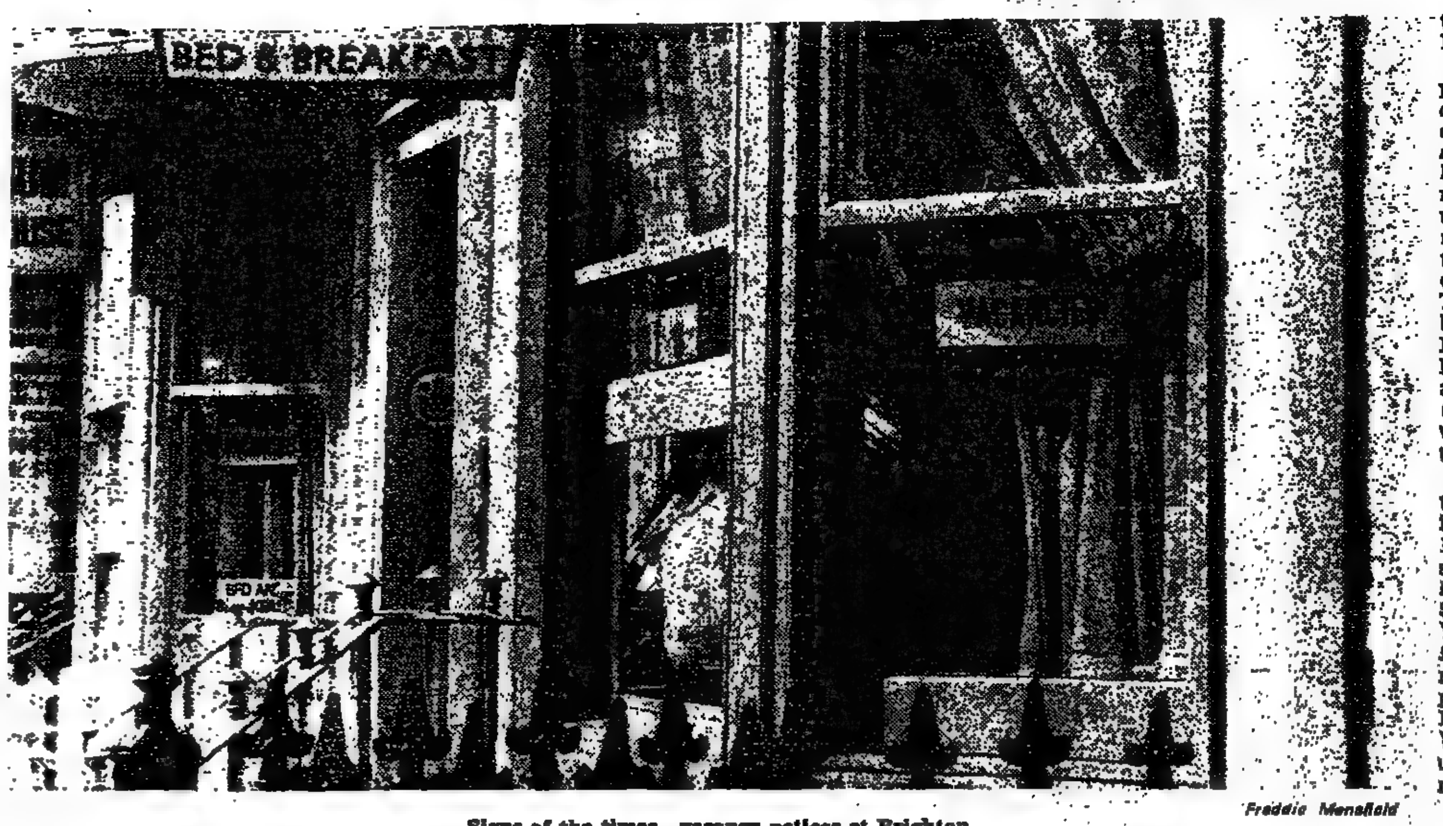
BY ARTHUR SANDLES

WE WERE three at *table, sitting discussing* the ways of the travel world. On my right, the owner of a comfortable four-star hotel which has somehow managed to keep a local air about it and still gets most of its custom from the British, and on my left a main Board director of *a somewhat grander group* with London properties which lean very heavily on the American market. As the jubiliation of one man increased ("wonderful year, old chap, my people have got money again, even asking for separate rooms with baths for the kids") so the other lapsed deeper into silence.

The British travel business has had one of its periodic upsets this year, but the death notices may have been a little premature. While the bar takings on the Park Lane strip may have been a bit thin this summer, elsewhere there is not total gloom. Some people, the holiday camp owners, for example, may have had their fattest season for years.

Four events combined to give the British travel industry a shaky start to the season. Just as everyone was dusting off the dressing tables and checking on the gin supplies, so the blows fell one by one. Talk of world recession started to hit international consumer confidence; the fuel crisis produced petrol queues from Hollywood to Hampshire; the dollar went into a downward spiral; and then the DC-10s, the basic jet for trans-Atlantic charter traffic, were grounded. Against this background the strength of sterling, in comparison with some European currencies, was almost incidental.

In cold print all that sounds like a recipe for total disaster. Indeed, for the Irish, who, also had a communications strike in full swing, disastrous it proved to be. In Britain, however, the impact has been locally severe but nationally nowhere near as bad as it might have been. The mini-boom in travel abroad by UK residents may mean that the British travel balance of payments will narrow, but we should still end the year in the black.



Signs of the times—vacancy notices at Brighton Freddie Mansfield

Vacancy signs

This is, of course, cold comfort to those who have been badly caught by this year's problems. By far the worst hit seem to have been the extremities of the nation — the West, North Wales and Scotland. As trouble hit so the tourists withdrew to those regions where the car was not a necessity and where home or airport was but a train-ride away. Last weekend, when there were only a few spots of rain to spoil an otherwise baking late July, the sleepy little town of Llangollen seemed almost bereft of its usual throngs of tourists. "Vacancy" signs hung sadly over the potted plants in window after window of bed-and-breakfast houses usually bursting with eager mountain walkers and fishermen. In the prize-winning Canal museum *the few visitors* could linger undisturbed and outside, on the spectacular canal itself, the horses which normally haul tourist-filled *narrow-boats on scenic trips* were happily facing lighter loads.

All along the A5, a narrow winding road once it goes over the border from England, petrol stations were touting for business throughout the weekend, here and there sprouting "No Limit" signs to tempt the thin *passing trade. It is all too* late, of course. The school holidays are well under way, travel decisions have been taken, and the die is cast for the summer of '79.

And yet both Britain's hotel giants, Trust House Forte and Grand Metropolitan, reckon they are on target for this year. *In both cases the target was for* a rise in the volume of business over last year. As if echoing each other they said: "We saw this coming. Of course, the American market was *turning* sour. We moved our marketing effort elsewhere and it has paid off."

At first sight that looks like a bit of *whistling in the dark*—it is good for both staff morale and the share price. Against that, however, is the evidence that both are telling unerringly *similar stories: of a slight down*turn in traffic in London (but a hardening of prices to make up for it), a few percentage points improvement in provincial business, and the fact that Sir Charles Forte can actually say he warned about it three years ago.

Speaking as the then chairman of the British Hotels Restaurants and Catering Association, Sir Charles said: "Quite simply tourism is still riding on the back of a falling pound. Britain's hotels, restaurants, shops and theatres are cheaper to foreign visitors than they are to her own people. But, if this country is to prosper, sterling must harden in the international money markets. It is this association's concern that the country's tourist industry is soundly structured in preparation for the hard sell to come."

Package problems

What Forte's own organisation has done is to switch some sales emphasis away from the U.S. to other areas; to reduce the reliance of some hotels on package groups, particularly American; and to struggle above all to hold margins. Group business is the backbone of many hotels and the industry at its present size would find it very *difficult to do without it.* However, groups have their disadvantages. When times are very good they fill hotel rooms that could be sold at a much *higher price to casual passing* trade; when times are bad group organisers tie hoteliers down to rock-bottom prices which can affect the general standard of the hotel.

Getting out of the package tour business is not easy, but some London hotels seem to have done it to a degree, helped considerably by the boom years of 1977 and 1978.

Those same boom years gave hoteliers a chance to increase their real room rates (as opposed to the full, advertised rates) by considerable amounts. London hotel prices rose on average by 30 per cent in 1977 (according to Green, Belfield-Smith and Company) and by a further 16 per cent last year. But added to this must be the *fact that many more people were paying the full rate and not get*ting discounts. This enabled *profits in 1977 to rise by a spec*tacular 48 per cent.

No one seems to be suggesting that 1979 is going to see another upswing in profitability, but some people may emerge relatively unscathed. The hoteliers, stately home owners and restaurateurs who are at risk are those with a high proportion of rural properties at a distance from major conurbations, and particularly those operations which *rely on a high* traffic flow.

All this led estate agents Druce and Company recently to take a somewhat cool view of the selling price of hotels in the coming winter. Lately the market has been tight to say the least. There is many an international hotelier eager to find a property, almost any property, in London as EMI recently discovered when it ran into cash problems and found a string of potential buyers for its hotel operations *sitting on its corpor*ate doorstep in Manchester Square. Druce's Mr. Ivor Cooper reckons that London hotels have doubled in value over the last *two years. At the moment* it would cost you around £15,000-£18,000 a room to buy a three-star conversion hotel in Earls Court or Bayswater, if all rooms had bathrooms. If you wanted a modern purpose-built hotel you are talking in terms of £20,000-£30,000 a room. It has *been suggested that to build* a modern hotel in central London now would cost around £50,000 a room.

The present wobbles are *biting into the sales prices* if not the building costs, a factor which cannot be much help to those who would like to see a new round of hotel building in the capital. *If the early 1970s* are any guide then what will happen is that some of the smaller hoteliers will run into cash difficulties. Such people, as *Druce's Mr. Cooper observes*, "may not have the resources to weather more than one difficult season. Should further finance be required to carry-over, re*mortgaging or increasing capital* against a static or falling property value may be difficult and create liquidity problems."

Hotel coup of decade

It is just that sort of problem which benefits the hotelier with more muscle and perhaps more patience. Likely buyers, if the price is right, in such a situation include the Coral group, which appears delighted with its acquisition of Centre Hotels, and THF, whose purchase of such properties as the *Cumberland* and the Strand Palace hotels from an ailing J. Lyons proved to be the hotel coup of the 1970s. If any of the de luxe modern hotels came on *the market, then a dozen U.S.*-based operators also would join the bidders, notably Marriott and Sheraton, both of whom would like Hilton/Intercontinental style flagships in the Mayfair or Park Lane area.

But what of the longer-term prospects for UK tourism overall? The market is, of course, in two parts—domestic and incoming foreign. The first has been stagnant for a decade now, with fluctuations in make-up rather than size. Seaside resort hotels have had a bad time, but self-catering and caravans have done rather well. The overall growth element has been foreign travel, as the British Tourist Authority, Britain's travel marketing arm abroad, is eager to point out (with budget cutting in the wind, modesty is an inadvisable trait).

The relationship of the pound to the major customer countries is the biggest single variable. In 1976 the basic rate for a de luxe single room in London would have cost an American around $40, and a similar room in New York would have cost a Briton £25. This summer that same room in London would be priced nearer $95 and for the Briton in New York £36. Recent *VAT changes* have made that uncomfortable comparison even more worrying.

VAT review demand

It is hardly surprising, therefore, that the hotel industry, like the theatre world, is very keen to see the VAT situation eased, even although most people in the industry see little hope of success in the campaign.

"We say bluntly to the Government that if they want to maintain the status of tourism as the largest earner of foreign currency, vital to our balance of payments, they must review the application of a 15 per cent VAT on foreign visitors' bills at the earliest possible moment."

So said the present chairman of the BHRCA, Mr. Douglas Barrington, recently. His point is that if visitors can reclaim the VAT on clothes and souvenirs if they take them out of the country, they should be able to do so with hotel accounts.

In fact, due to a small clause in the rules, some visitors will indeed be paying a lower VAT rate, and it is a rule which British companies could exploit as well. VAT need not be charged on the whole bill if a room is booked for 28 days or more, since this is regarded as a permanent residency rather than a holiday let. In effect the VAT rate is reduced to about 3 per cent. Thus foreign travel agencies which book rooms for long periods, but use them for different clients, avoid the full weight of VAT.

What the industry is after, however, is something of a more permanent nature.

Meanwhile the travel industry as a whole will be hoping that *the dollar starts to perk up a* little, that no one else pulls the plug on oil supplies and that the world's wide bodied jets stay safely up in the air.

Letters to the Editor

Landlords

From Mr W. Dingley

Sir,—Your statement in the leader of July 26 which said that the virtual disappearance of the private rented sector was due to the fact that would-be owner-occupiers can always out-bid would-be landlords, amazed me.

I think that nothing can be further from the truth. The main reason that the would-be owner-occupier can out-bid would-be landlords is surely due to the fact that would-be landlords cannot gain any form of economic return from rented property.

Until the change in law covering furnished property, there was a reasonable amount of furnished property to be had for *letting. Since protection for the* landlord was removed, there has been a total drying-up of even the furnished sector. If you wish to see rented property coming back for residential purposes, then the only way would be to allow freedom of rents, as in the case of commercial properties.

I have yet to see anywhere where would-be owner-occupiers of commercial properties are able to out-bid would-be landlords, except where the would-be owner-occupier happens to be a financial institution.

If it were profitable for landlords to own residential rented property, then they would be able to compete with owner-occupiers. Sensible policies are required by both parties on the question of residential accommodation, but the removal of the legal bias against the landlord of residential accommodation must be one of the first steps to be taken.

You might also have mentioned the amount of rent arrears which have built up in the London boroughs on council house estates, as this fact will certainly not generate much support for the extension of the council house building programme (which, incidentally, will be paid for by the would-be owner-occupiers, as ratepayers and taxpayers).

W. N. Dingley.
Sinclair Goldsmith Dingley,
9-10, Fenchurch Street, EC3.

Electricity

From Mr. P. Morrell.

Sir,—*I am grateful to D. J.* Miller (July 31) for contributing his engineering expertise to the debate on nuclear power. But why does there appear to be a reluctance to come forward with unit cost figures for advanced gas cooled reactors, based on the "satisfactory" performance and load factors that D. J. Miller suggests? I suspect it is because they are hardly competitive with coal-fired stations even using relatively expensive British coal.

*Against the current back*ground of Government expenditure cuts, should we not look very closely at the plan to build yet another AGR prototype at Torness? Neither taxpayers nor consumers are convinced that this is the most cost-effective way of managing future energy supplies. Will electricity demand continue to grow at the *rates experienced in the 1960s* as the South of Scotland Electricity Board seems to think?

Peter Morrell.
Peter Pan Cottage,
Furnace Lane,
Lamberhurst, Kent.

Energy

From Mr. J. West

Sir,—I am sure Mr. Cooper (July 26) is right in saying there are good reasons for using British rather than imported coal. I am less sure the reasons *for doing so are those he gives.* Certainly it is beyond dispute that if coal is imported in oil-fuelled ships then oil must have been used in bringing it here. What does not necessarily follow is that equivalent or greater quantities of energy are not consumed in other ways in getting British coal to the market.

If the consumer has to pay more for British than for imported coal this must be because somewhere along the line, either in production or in distribution, additional costs have been incurred. It is not possible to incur costs without directly or indirectly consuming resources of one kind or *another, and it is likely that the* production of these resources will have required the consumption of energy—quite possibly more energy per ton of British *coal than the energy per ton* used in shipping in imported coal. Price is an index of resources consumed. And resources consumed are an index of energy consumed.

An unsound approach to energy accounting can cause unsound conclusions to be drawn. The temptation to take notice only of those energy uses which make themselves conspicuous has to be resisted. The only effective way of carrying out an energy audit is first to establish precisely the quantity of "free-*energy-containing sources*" the nation has produced or imported in a given period of time and then to investigate how, why and where they and the energy derived from them were used. Only thus can there be any certainty that all energy consumption has been properly and accurately accounted for.

It may well be right to put *high prices on coal, gas and elec*tricity in order to discourage their use and so to conserve energy *reserves*. But little is gained if after prices have been raised people are given more money so that they can pay the prices as easily as before. As with energy accounting, the piecemeal approach is no good.

John W. West.
825, Chelsea Cloisters,
Sloane Avenue, SW3.

Sterling

From Mr. A MacGregor

Sir,—Peter Riddell's excellently realistic feature (July 23) points to the expected reduction in profits for British industry and raises the question whether this will lead to a permanent loss of market share and the further *shrinking of British* manufacturing industry. There is little doubt that it will.

One of the main causes for the increasingly flexible prices seen in the markets for manufactured goods today has been the realisation that the cost of *regaining lost market share* generally exceeds the cost of the equivalent reduction in "profits" required to retain it. The increase in value of sterling, however temporary, allied to the profit squeeze will lead to loss of market share. This loss will become permanent unless we can afford to spend more on regaining it than we would have "lost" on retaining it: which we can only do by increasing market share or reducing future "profits." If the objective is to increase market shares and pro*ductivity and thus lead to a* stronger pound, then by attacking the problem "backwards," so must we expect the results.

A. T. MacGregor.
6, Kildare Court
Kildare Terrace, W2.

Transport

From the Director General,
Confederation of British Road Passenger Transport

Sir,—You report (July 31) that the Transport Minister intends to introduce freedom *for car- and van-sharing* pools and to cease licensing of excursions, tour and express services. "Mr. Fowler expects the scheme to create more and better services in poorly served rural areas." It is also implied that the National Bus Company, which "dominates" the industry, has "a monopolistic grip" for which the Traffic Commissioners are criticised.

My confederation represents operators of 98 per cent of Britain's buses and 66 per cent of coaches; 95 per cent of the membership being smaller, private operators. From this base, I would like to get some facts right.

NBC provides 25 per cent of all passenger journeys: important but not dominating. From the latest available figures, the Traffic Commissioners granted 28 licences for *new* services to every one they refused (the *total figure is 100 grants per* refusal): I estimate that up to 2,000 private operators hold road service licences. Private operators have not been consulted by the Minister (although they requested a meeting): they will tell him that his plans must result in their abandoning marginal, cross-subsidised services to defend the better routes from competition.

Then, there are two aspects of car sharing. In rural areas with no licensing of hackney carriages (a check showed only 2 out of 10 "rural" District Councils have bye-laws), cars would be free to pick up at bus stops and charge what they *liked*, including return fares from town, and with no control of safety — the bus passenger is six times safer. Unlicensed express services would apparently also be free to pirate passengers. This can only lead to a deterioration of transport services to the detriment of the majority of bus users.

In towns, car/van sharing (van equals microbus) could be advantageous if only habitual car commuters used the pools, though many of the cars left at home would be freed for use during the day. *It is inevit*able, however, that car drivers will find it convenient to carry habitual public transport users. Commercial car share companies are ready and waiting to be legalised. Consequent loss of revenue will be important to bus operators. After all it is the marginal consumer who determines profit or loss.

So, the bus *industry* — *public* and private — will lose the ability to maintain services, unless (which is most unlikely) government makes good the losses. But it is the public who will be the real losers. A network providing over 2.1bn miles in service in 1977 cannot easily be replaced. Nor will car sharing offer the best use of energy: the Department of Transport confirm that buses are far more economical.

It would take much space to deal fully with the position for *express, excursion and tour* services. Let it just be said that there is considerable overlap in the nature of the work and often cross-subsidisation of services, including bus *routes*. For tours, the level of service could not be increased without more suitable hotel accommodation whereas competition for the limited supply can only put up prices. Finally coach operators are proud of their record in providing the holidays paid for (which cannot be said for other forms of package holidays) and they thank the licensing system for this.

No, Mr. Fowler, before you damage passenger transport, please show us good reason to *believe your ideas will work in* practice.

Denis Quinn.
Sardinia House,
52 Lincoln's Inn Fields WC2.

Odometers

From Mr. R. Ebbs

Sir,—You report (July 27) on the widespread practice of turning back odometers to increase the value of second-hand cars. The best possible way to stamp out this practice is for buyers of second-hand cars to insist on the service record being passed on with the car. The bills will show the mileage and date at each service, and would also indicate how regularly the car had been maintained. Forgery would not be impossible, but the cost of forging service documents would make "clocking" less worthwhile.

The seller, of course, has the decision whether or not to pass the service record on to the buyer, but if car buyers were made more aware of the value of the evidence provided by the service record they might be more inclined to exert pressure on dealers to ensure that it was passed on with the car.

Richard Ebbs.
20, Woodland Road,
Chingford, E4.

The problems of the great New Town property sale

BY CHRISTINE MOIR

IN ITS bid to reduce both State ownership and Government borrowings the new Government wasted no time in heralding the public auctions of bits of BP, British Airways, the National Oil Corporation, British Aerospace and parts of the National Enterprise Board. Now it has turned its attention to the assets locked up in the *Town Development Corporations.*

In so doing it has highlighted just how immense a role postwar governments have played in property development and investment.

There are 28 New Towns in England, Scotland and Wales, and a further four in Northern Ireland. They span a period of three decades, starting with Stevenage in 1946. The latest to be designated was Central Lancashire in 1970, though two more have been considered and abandoned since then.

Between them the corporations, set up under a special act of Parliament to combat the uncontrollable sprawl in the main conurbations, have built nearly 93m square feet of factories, and about 13m square feet of offices and a similar area of shopping centres.

The funds for these massive development projects have come from the Treasury by way of 60-year loans at fixed rates of interest. In the early years the interest on the loans is capitalised until such time as rents from the factories and other buildings produce a revenue surplus which is then applied to further building and to repayment of the loans.

As at the end of March last year (the latest figures available) the total loans still outstanding to the 28 towns amounted to £2.35bn.

Against these loans must be set the assets. The 21 New *Towns in England alone have* already completed development programmes which have left them with let properties worth at least £650m today at a conservative estimate. That takes into account the fact that some of the properties were built to fulfil social needs not commercial criteria.

And that figure is only the tip of the iceberg. Beneath it there is the value of the undeveloped land and the current development programmes—8m square feet of factories and 1m square feet of office space, for instance. In the end the value of the total assets is likely to show a massive surplus over the original loans.

This is the balance sheet which the Government has currently been studying.

Under existing legislation the New Town Development Corporations have to divest themselves of the houses they build—as they are completed and let—to the local authorities which also take on the debts associated with them and the responsibility of repaying them within the 60-year period.

Rental income

The commercial property assets, however, stay with the corporation producing (it is hoped) a rental income which will help fund further development, until the new town has reached its target size and the corporation is dissolved.

At that stage the assets (and their accompanying debts) are handed over to the New Towns Commission—a body whose role has evolved from the early days when it was simply the development authority for the first generation of New Towns.

The New Towns Commission already owns the assets of four of these earliest towns: Hemel Hempstead, Crawley, Welwyn Garden City and Hatfield. Their current value is thought to be at least £130m and the report and accounts for the year to March last year show that they produced a rent roll of £5.8m.

This has grown from £2.7m 10 years ago. Indeed the New Towns Commission has been self-financing since 1970. It has at present revenue reserves of £10m which are earmarked for further development where necessary and for repaying the £90m or so still outstanding of the original £112m of loans from the Government to the four towns.

During the next five years the Commission will have acquired the assets of another nine New Towns, three of them —Corby, Stevenage and Harlow —next year, and Runcorn, Bracknell, Redditch Washington, Basildon and Skelmersdale between then and April 1984.

By then the revenue surpluses of the Commission should have swollen to the extent that it will be able to make frequent and substantial repayments of tranches of the original loans.

However, the Government is not prepared to wait another five years. Nor is it content with just receiving the revenue from the assets which the Commission will be managing by then. It has opted instead for a quick sale of the underlying assets themselves.

This year the New Towns have been told to raise £100m through property sales. Next year the figure could be even higher.

The argument behind the sale is clear. First, the Government is committed to a fast and dramatic reduction in State borrowings. The sum it can raise through the New Towns sale is comparable to the proceeds of floating British Airways as a public company.

Secondly, the sales are another visible sign that this Government means what it says about reducing State ownership of the country's assets. The assets it proposes to sell are pure investments. They are not risky developments still in the course of erection but prime properties which the public (through pension funds and insurance companies) would want to own.

In addition, the sale of the assets now gets neatly round the problem of their management in later years. The New Town Commission does not have the characteristics of a property investment company with a commercial interest in maximising the value of the assets it is to receive as the New Towns mature.

And yet the day is not far off when the Commission will have a portfolio of investment properties to rival in size that of Land Securities Investment Trust, the largest of the UK quoted Property companies. It is not inappropriate to ask whether the Commission can ever acquire Land Securities' expertise in managing such a portfolio.

The Government announced last week in the House of Commons that "the future of the Commission is being considered." Its transformation into a property investment company must be one of the options.

Without a doubt the sales will also diminish the role of the development corporations. And that would be in tune with the times. Even under the last Government priorities had changed. Instead of encouraging commerce, industry and people to leave the ageing centres of the great cities for the green fields and garden cities of the New Towns, the Labour Government turned to rejuvenating the inner cities and to wooing industry back to them.

To continue this policy while the New Town corporations just outside the boundaries of cities like Liverpool and Manchester retained all their incentives was an obvious anomaly.

In ordering them to sell off their plum assets the new Government is making a step in the direction of removing the anomaly. Reinforcement of the previous Government's curtailment on their borrowing powers—and therefore their ability to continue development at the same pace—is the correlative.

Portfolios

But there is some doubt about whether an auction of 15 per cent or so of the New Towns' assets is the best solution to the problem.

The Government estimated correctly that there will be ready buyers for the properties. But this will be true only if they are the plums of the portfolios of all the 21 New Towns in England.

If the catalogue comprised a selection of vacant factories in Runcorn, Skelmersdale and Corby there would simply be no takers. By ordering the corporations and the Commission to reach a target of £100m the Government is thereby forcing them to put their best properties on the market—the prime offices let to the best tenants, the shopping centres where every unit bears the name of a national multiple chain.

After the auction the estates officers of the New Towns, together with their counterparts in the country's main firms of chartered surveyors, fear that the portfolios will be nothing but a rag bag of properties which cost money to maintain and have no real value.

As a result minds are hurriedly being bent to finding other solutions.

One possibility would be to recreate the New Towns Commission as a publicly quoted property investment company. Shares could be issued on the basis of the current value of the properties it now controls together with the stream of income from them. The latest report and accounts show surpluses both on the revenue and the capital account—more than can be said of some private sector property groups.

Furthermore, under existing legislation, the Commission owns the rights to the future assets of another nine New Towns—worth at least a further £200m at present day prices—within the next five years.

These future benefits could either be discounted in the issue price or paid for by shareholders (through a rights issue perhaps) as they materialised.

The flotation would cause a number of headaches, however, including the question of the Commission's lack of management experience. It might also be greeted with scepticism by a market which does not put too high a value on future benefits.

Another alternative, which has won rather more favour with property men, is a Trust for Sale.

Under such a system each New Town (or a group of three or four of them together) would re-form itself as a Trust. The Trustees could then float off a unit trust or a limited liability company or a property bond—or any mixture of the three—the assets of which would be a right to a proporton of the future income from the trust.

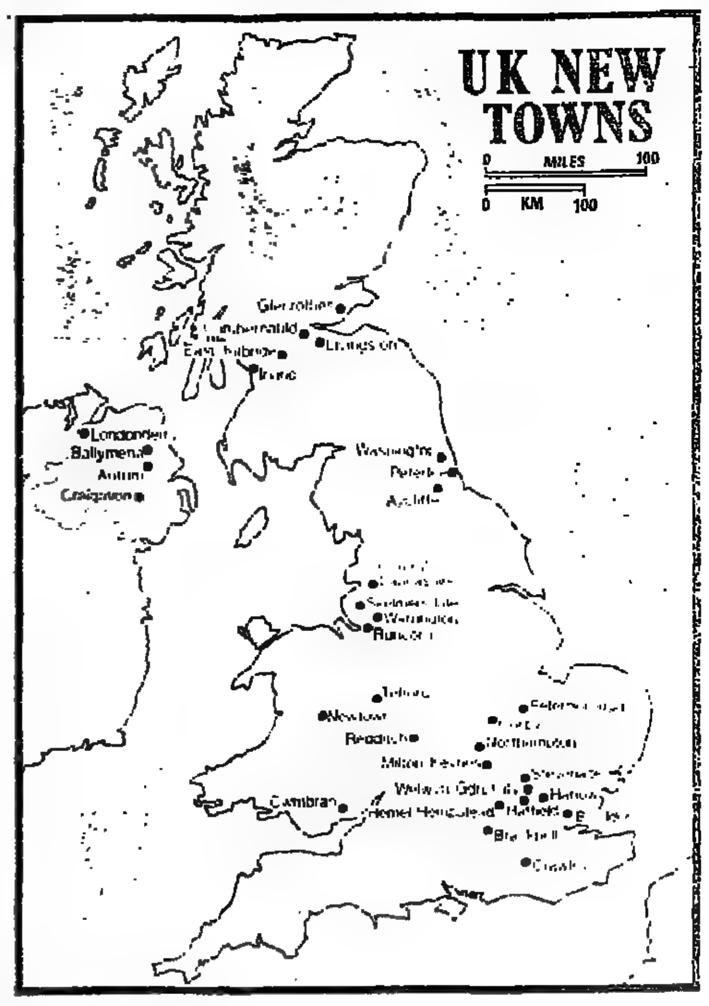
The attractions of such a trust are its flexibility and its ability to preserve some portion of the equity and income for the original owner, namely the State through the trustees.

It could also permit the trustees to create a mixed package which would appeal at one and the same time to pension funds, which prefer a tax free unit trust to maximise their special tax status: to insurance companies which could bring the dividends from a limited company into their revenue accounts: and to the local citizens who could hold bonds in their own town based on its future growth.

The other—and more important—advantage is that it would solve the problem of unwanted properties. Instead of being able to pick out only the plums as under the proposed auction of assets scheme, and leave alone the less desirable properties, investors would be forced to take the package as it stood. Good and bad together.

For this reason it might be better to group several of the towns together—Northampton, say, with Peterborough and Corby. For it is obvious that some towns, particularly those closer to London, are likely to prove more attractive than others. The issue of bonds, units or shares in one might be snapped up. Another might fail dismally.

There may be other options. The problem for the Government to ponder is whether the sale of assets today, however attractive as a one-off capital bonus, is the best solution.



Weekend Brief

The distant civil war that will hit the seedier side of western life . . . Mr. Walker's likeable adviser . . . The poverty of Iona . . . Bonn learns to live with expansion.

The war that hits the Junkies

THE effects of the tribal rebellion in Afghanistan against the pro-Soviet government of President Nur Mohammed Taraki could soon be felt on the streets of the major cities of Europe and North America. This unlikely connection is because much of the heaviest fighting has been taking place in Eastern Afghanistan, bordering Pakistan, and each year this territory has the world's biggest opium harvest.

Experts suggest that the crop is even bigger than that of a similar anarchic part of the world—the so-called golden triangle where Laos, Thailand and Burma meet and where local warlords are already well tied into the international drugs trade. In Pakistan, refugee Moslem tribesmen from Afghanistan are thought to have started dealing in drugs as a way of financing their insurrection.

There are more than 140,000 refugees from Afghanistan in camps along the Pakistan border. The Islamabad government is trying to provide food and tents for them but at $20 per head per month can scarcely afford to do so.

The opium trade is a very convenient source of revenue. On the streets in New York a pinch of heroin, one of the processed derivatives, is worth $25. Since experts estimate that between 200 and 400 tons of opium is illegally exported from Pakistan each year it is not hard to see that it is a very lucrative trade. In fact, if it were all harvested efficiently, processed and diluted with sugar properly, Pakistan's opium crop would be worth over $50bn.

It is very difficult for Pakistan to control even the comparatively unsophisticated trade which now takes place. It leaves the country overland by camel or donkey caravan, by ship from Karachi or through the airports. Possession and dealing in opium is illegal but the trade has been going on for centuries and in the hills bordering Afghanistan, the power of Pakistani law is limited.

The very border of the north west frontier is split up into tribal areas where the local tribes administer their own law. If the Afghan tribal rebellion leads to open cross-border conflict between President Taraki's regime and Pakistan's own tribes, Islamabad's efforts to police the drugs trade could be set back by several years.

In comes a gentle persuader

Allbright sounds like the kind of name an adman dreamed up for his client's new brand of toothpaste. It is in fact the name of a racehorse, albeit a racehorse with strong advertising connections.

Allbright's owner, well, half-owner, is Ann Burdus, chairman of McCann and Company, one of Britain's largest advertising agencies, and a member of Peter Walker's newly-appointed committee for the promotion of British agriculture.

Burdus has long been interested in horses and had an interest in two of them prior to her posting to McCann's headquarters in New York early in 1978. While in New York she sold one and was thinking seriously about selling Allbright as well.

"It seemed fairly pointless to be living in New York and own a racehorse in London. I was about to sell my interest in Allbright when quite suddenly I was transferred back here as chairman of McCann in the UK. The weekend I arrived back Allbright won at Chichester, so I was quite pleased I hadn't sold my share." Although her knowledge of horseflesh could well prove superfluous in her new role as a member of the agriculture promotion committee, her comprehensive knowledge of the food industry will stand her in good stead.

As chairman of McCann's she has overseen advertising for the Milk Marketing Board, the Eggs Authority and the Cheese Information Service, as well as campaigns for two major grocery retail chains, giving her a comprehensive view of the food market from producer through to consumer.

More than most of her colleagues Burdus is aware of the need to ask the customer what she wants from a product: she started out in advertising working as a part-time interviewer for a research company visiting housewives in their homes to monitor their reactions to various consumer products.

"I trained as a psychologist, and was working in a hospital in Durham when a woman from Marplan, the research company, asked me if I would do some evening interviewing for her. I found the interviewing much more interesting than the clinical psychology so in 1960 packed by bags and came to London to look for a job in an advertising agency."

Burdus joined Ogilvy Benson and Mather to run their motivational and attitudinal research division for six years, left to join Compton (new Saatchi and Saatchi Garland Compton) as its first woman director, then moved to McCann as director of research. She was appointed vice-chairman in 1975, until her transfer to New York in 1978.

"I knew that when I came back to Britain it would be as chairman, but I didn't think it would be so soon. I loved working in New York, all those enormous advertising budgets—£25m for one product—and I was just about to get my green card. Then suddenly they whisked me back here to take over as chairman when Nigel Grandfield resigned."

Talking to Burdus, a slim bright brunette for whom the words impeccably groomed could well have been coined, you understand why the BBC in its current series on the advertising industry has called her lot The Persuaders.

Burdus acknowledges that the art of persuasion is her keenest tool. "I never shout or get excited," she says in her deceptively dulcet tones. "Gentle persuasion is one of my strongest fortes."

Freddie Mansfield

Ann Burdus: see In Comes a Gentle Persuader.

Cash crisis for Iona Community

The vow of poverty taken by the medieval monks who founded the first religious settlement on Iona is carried on in the pledge given by the 145 members of the present Iona community to give at least a tenth of their income to the poor and starving. The modern inhabitants of St. Columba's abbey and cathedral and the 250,000 visitors who are drawn there every year are trying to find in the remote Hebridean island something of the peace and spiritual fulfilment that the early Christian saints achieved. Even with today's transport Iona is still isolated—it takes the best part of a day to make the journey from Glasgow by train, bus and two ferries.

But even its position in the Atlantic off the tip of the Island of Mull cannot insulate Iona from the cold winds of 20th-century economic reality. The ancient sites were excluded from the sale of the island by the Duke of Argyll six weeks ago and are held in perpetual trust, but the cathedral trustees have had to launch a £500,000 appeal to save the simple stone buildings from decay which would undo the painstaking restoration work of the past 40 years.

The modern community was founded in the depression years of the 1930s by a group of Church of Scotland ministers and unemployed craftsmen from the Govan area of Glasgow. One of them, the Rev. George (now Lord) Macleod, a staunch pacifist from that day to this, obtained £5,000 from shipyard chief Sir James Lithgow, then making a profitable living building warships on the Clyde, and used it to buy building materials. Each summer the craftsmen and clergymen worked side by side to put the ruined buildings back together again.

The community is now non-denominational and scattered all over the world, although it meets regularly at Iona, where youth camps, conferences and retreats are held.

A constant shortage of money has meant that it has never been possible to make the buildings properly weatherproof and carry out a systematic programme of maintenance. Fierce winds force water through the crumbling mortar making the inside of the abbey, cathedral and chapter house damp and cold. Plasterwork has deteriorated and electrical fittings have corroded as a result.

Crichton Lang, Iona's consultant architect, believes that the only way to save the buildings is to raise enough money properly to restore them, provide central heating to keep them dry and set up a direct labour force of between five and 10 men to maintain them. Relying on outside contractors is inordinately expensive because of the remoteness of the island.

The old coal heating system is now unusable and the electric heating that has been tried is proving too costly, so a new fuel is being investigated. A peat bog nearby on Mull could be drained and cut to fire new boilers.

The appeal is being run jointly with the National Trust for Scotland, which is based in Edinburgh, and already £60,000 has been raised.

Bonn's year of birthdays

For the second time this year Bonn, the "small town in Germany" often unkindly described as a federal village, has a much publicised birthday. That should be enough to swell the few natives' pride.

The first one, in May, was to commemorate the day 30 years ago when Bonn was chosen—rather accidentally—as the provisional site of the new Federal government, because Konrad Adenauer had a house at Rhoendorf and did not want to move. The second anniversary marks the moment of truth in 1969 when it was finally realised that Bonn was here to stay and thus "greater Bonn" was formed.

The new city is the result of the merger of three towns and eight nearby villages. Some of those communities did not at all relish the idea of losing their independence and demonstrated their feelings by lowering the state flag on their town halls. But centralised they were and even grew to like it.

A tube system was designed to the tune of DM 470m which links up with the rest of the public transport system. The fact that trains run underground for only five kilometres does not deflect from its attractiveness. To live up to its reputation of being the greenest capital of Europe, Bonn created a huge park on both banks of the Rhine.

However, the development of the baby "greater Bonn" during its early childhood was not unadulterated bliss. In the course of growing up it acquired a few nasty traits. Reckoned among them are the new black-painted chancellery offices, dubbed by some politicians "the Ministries of Fear" and the cross-shaped buildings housing three ministries near the only pastures—right next to the Government district—where one can still see sheep grazing.

The ugly, sterile look of these buildings is not helped by the modern sculpture in front of it, aptly called "the yawning civil servant" by Bonners.

Yet, there is no denying that Bonn has certainly improved with size to some extent. Its cultural life has picked up since the authorities introduced the "Bonn-summer" in the form of open-air presentations of theatre shows and concerts on the market place every weekend between May and September.

Even the night life has improved. While it goes without saying that it cannot compare with Paris, London or New York, the days are certainly gone when newcomers to Bonn were reduced to telling the following joke to describe the grim scene: a stranger arriving at Bonn's provincial train station asks a policeman: "Where is the night life in this town?" The answer: "I am afraid, today is Tuesday, the lady is in Cologne."

Contributors:
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Economic Diary

TODAY — Lord Carrington, Foreign Secretary, meeting Mr. Joshua Nkomo, leader of Zimbabwe African Peoples' Union, for weekend informal consultations at official residence of President Kenneth Kaunda of Zambia.

MONDAY — Confederation of Shipbuilding and Engineering Unions meeting British Shipbuilders to discuss the corporation's plans for yard closures. Building Societies' house prices and mortgage statistics (second quarter). Wholesale price index (July provisional). Hire purchase and other instalment credit business (June). Retail sales (June final).

TUESDAY — London clearing banks' monthly statement (mid-July). UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-July). One-day strike by Pilkington workers in support of pay claim.

WEDNESDAY — London Magistrates Court clerks' pay talks resume.

THURSDAY — Central Government transactions (including borrowing requirement) (July). Provisional figures of vehicle production (July).

FRIDAY — Building Societies' receipts and loans (July). Usable steel production (July). Housing starts and completions (June). House renovations—work completed (second quarter). Slum clearance (second quarter).

Phoenix Timber continues recovery with £0.23m rise

A CONTINUED recovery is reported by **Phoenix Timber Company** in the year to March 31, 1979. After being well down from £520,000 to £45,000 at midway the group lifted year-end taxable profits from £111,000 to £342,000 on turnover up from £33.8m to £35.6m.

This reflects a second half turnround from a £409,000 loss to £297,000 profit. At midway the directors forecast a further improvement at the end of the year.

The Board says the recovery would have been greater had it not been for the poor weather and the general industrial unrest in the last quarter.

The directors add that in the first three months of this year there has been a marked improvement in turnover and profits compared with the corresponding period of the previous 12 months. They are looking for a further improvement in the current year.

Tax for the year is £7,000, against £25,000, and stated earnings per 25p share on a net basis are up from 2.7p to 9.9p and on a nil basis from 2.7p to 16.3p.

The final net dividend of 3p lifts the total from 4.2976p to 5p—a 16.3 per cent increase.

After minorities of £48,000 (£6,000) and an extraordinary credit of £20,000, against £3,000 debit, the attributable surplus is well ahead from £77,000 to £307,000.

	1978-79 £000	1977-78 £000
Sales	35,567	32,827
Trading profit	2,128	1,703
Depreciation	615	547
Int. & other charges	1,169	1,047
Leaving	1,784	1,594
Profit before tax	342	111
Tax	7	25
Profit after tax	335	86
To minorities	48	6
Extraordinary credit	20	13
Attributable	307	77
Dividends	146	128
Retained	161	149

† Debit. ‡ Reduction.

● **comment**

Before yesterday's figures **Phoenix Timber's** shares were trading on a historic p/e of over 700, which looked a shade vulnerable, but the strong rise in profits had the effect of cutting the multiple back to 13.1 (on a share price of 133p). Even this rating is high for the sector and can be explained largely by the net asset backing of 344p per share. The group appears confident that it can make these assets work harder and has boosted the total dividend by 16.3 per cent as evidence. Softwood prices are firming, though some of the rise is offset by sterling's movement, and current trading conditions are buoyant—probably helped by a backlog of winter orders. Longer-term, however, the group's heavy dependence on softwood and the absence of a depot network to *exploit the home improvement* market cast a shadow over its prospects. The profits record has been highly erratic, compared with Montague L. Meyer or Magnet and Southerns for example, and is unlikely to even out unless anti-cyclical interests *are developed*. The yield is 5.5 per cent.

Norton and Wright up to £1.3m

AFTER LIFTING midway taxable profits from £316,671 to £740,352 **Norton and Wright Group** finished the year to March 31, 1979 with the surplus ahead from £936,826 to £1.29m. Turnover rose from £3.86m to £5.79m.

Stated earnings per 10p share are up from an adjusted 8.12p to 12.51p and the total net dividend is lifted from an adjusted 2.11475p to 2.9801p with a final of 2.2482p.

Net profit for the period is ahead from £455,296 to £691,549 after all charges including tax of £599,222, against £481,530.

The company which has "close" status produces and distributes lottery tickets, fund raising cards and schemes.

Scottish United headway

PARTLY reflecting investment changes, net revenue of **Scottish United Investors** rose by 25.7 per cent from £862,758 to 1,085,878 in the first half of 1979.

The directors report that dividend increases from overseas have more than compensated for the adverse effect of converting into strengthening sterling, while the interest cost of overseas currency loans will benefit in the full year, despite current high interest rates, both from that strength and fro mthe recent withdrawal of the requirements to meet loan interest shortfalls with premium currency.

To reduce disparity with the final the net interim dividend is effectively raised from 0.52p to 0.7p. Last year's adjusted total was 1.5p. It is anticipated that the final dividend for the current year will be increased.

At June 30 the net asset value per 25p share was 77.5.p including 3p per share in respect of investment currency premium at 10½ per cent, against an adjusted 82.6p, including 11.6p for premium at 42½ per cent, at December 31, 1978. The steps taken in 1978 and earlier to reduce exposure to the premium, including the transfer to loan accounts of any investments in continental Europe, were timely. Excluding the premium the net asset value had risen from 71p at December 31, 1978 to 74.5p at June 30.

	Six months 1979 £	1978 £
Gross revenue	2,511,469	2,071,117
Franked	1,205,065	1,017,451
Unfranked	1,248,454	1,048,945
Underwriting and other comisns.	57,950	4,721
Management exps.	157,327	115,081
Deb. stk. & ln. int.	580,634	566,635
Corpn. tax	185,000	85,000
Overseas tax	122,035	100,482
Tax lnkd. inv. inc.	380,595	341,161
Net revenue	1,085,878	862,758

21% growth for Cray Electronics

WITH turnover showing a 17 per cent increase at £10.66m, pre-tax profits of **Cray Electronics** advanced by 21 per cent from £605,000 to £730,000 for the year to April 28, 1979. At the interim stage profits were ahead from £213,000 to £255,000.

Yearly earnings are shown to have risen from 3.42p to 4.38p and the dividend total is lifted by 17 per cent from 1.4661p to 1.72p, with a final payment of 1.15p net.

The directors report that overall the year has been one of general improvement in all divisions, *and productivity has increased.*

Net current assets, at April 28, were 29 per cent up at £3.02m and shareholders' funds increased by 12 per cent to £2.38m.

The company's interests are in precision engineering, specialist *pumps, sheet metal* work and electronic equipment.

	Year 1978-79 £000	1977-78 £000
Turnover	10,604	9,101
Profit before tax	730	605
Tax	295	266
Net profit	435	339
Extraord. debit	—	95
Dividends	171	146
Retained	264	98

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Belhaven Brewery	0.03	—	nil	0.45	nil
Brit. Amer. & Gen. int.	0.83	Oct. 4	0.73	—	1.85
Burnett & Hal. 3rd int.	3.29	Oct. 1	—	6.54	2.88
Carrington Inv.	2.4	—	2.28	2.4	2.28
Cray Electronics	1.15	Nov. 9	0.96	1.72	1.47
Helical Bar	1	—	nil	1	nil
Imry Property	4	—	1.4	5.2	2.2
ML Holdings	4†	Oct. 5	2.81	6†	4.31
Norton & Wright	2.25	—	1.46*	2.98	2.11*
Phoenix Timb.	3	—	2.3	5	4.3
Scot. Utd. Investers int.	0.7	Sept. 28	0.52*	—	1.5*
Smith Whitworth	0.3	—	0.28	0.3	0.28

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Ferguson Industrial first quarter advance

SALES UP from £12.56m to £18.58m and pre-tax profits of £801,000, against £489,000, are reported by **Ferguson Industrial Holdings** for the first quarter ended May 31, 1979. Prospects for the rest of the year appear encouraging say the directors.

Profit is struck after interest payable of £244,000 (£90,000) and employees profit sharing, £118,000 compared with £43,000. Tax takes £240,000 (£129,000) leaving net profit at £561,000 against £360,000.

Building supplies contributed £9.73m to sales and £333,000 to trading profit, building supplies (Ireland), 1.41m and £94,000; engineering supplies, £1.7m and £132,000; engineering, £0.94m and £76,000; giftware, £1.57m and £128,000 and printing, £3.24m and £356,000. Holding company profit was £44,000.

The first quarter result follows a promising start to the current year. For 1978-79, the group reported a pre-tax profit of £2.24m on sales of £56.52m—the dividend was stepped up from 6p to 6.6p.

pared with £183,409, and tax absorbed £321,934 against £260,666.

Earnings per 25p share are up from 0.87p to 1.06p and the interim dividend is raised from 0.725p to 0.825p net. Last year's total payment was 1.85p.

Figures take account of the conversion of £89,718 the 4 per cent convertible unsecured loan stock 1990-95 on 1/7/79, leaving £144,792 of the stock unconverted.

British American and General

For the first half of 1979 total gross revenue of **British American and General Trust** improved from £894,382 to £939,554. Management expenses and interest for the period took £71,333, com-

Brigray deficit continues

AFTER cutting the loss from £46,000 to £1,000 in the first half, the **Brigray Group**, clothing and jersey fabric maker, reports a deficit of £5,222 for the year ended April 19, 1979 compared with losses of £537,953 in the previous year.

In their interim report, the directors said the group had been operating at near break-even levels. While the second half was not usually as profitable *as the first, the group would be* able to take advantage of a significant reduction in overheads.

Turnover for the year was up from £1.9m to £2.33m. The loss is after all charges including tax. There is a tax credit of £81,497 (*nil*) and the loss per share is 0.07p (3.42p).

Belhaven runs into loss—boardroom shuffle

Belhaven Brewery Group yesterday announced another boardroom shuffle—the second in three weeks—and unveiled losses for the year instead of the expected *recovery*.

Mr. Roy Ling, who took over as chairman on July 13 following the sudden resignation of Mr. Gordon Currie, ceased to be both chairman and managing director yesterday. Mr. E. Sturgeon and Mr. D. Frame, the joint secretaries to the company, resigned at the same time.

At the half way stage Belhaven reported a recovery in pre-tax profits to £138,000, compared with £2,000 the previous year. For the whole year turnover was expected to rise to £6.5m and the trading position in the second half would continue improving, the directors said.

Since then the company has concentrated on selling hotels, announcing nearly £1m of them during March.

Now the unaudited figures for the year to April 1 show turnover to be £1.4m below that estimate, although still considerably improved from the £3.22bn in 1978.

Trading profit in the UK *advanced from £426,000 to* £705,000 but losses continued at the rate of £225,000 in Bermuda, more than double that in the previous year despite the directors hopes that the situation would improve this year.

At the pre-tax level the loss *of £58,000 (£191,000)* arises from the worsened position in Bermuda, and increases in repairs and depreciation which more than offset a £91,000 reduction in the interest bill.

Below the line there are more disappointments. In March it was announced that Leepark Hotel, Grangemouth, had been sold for £250,000. That sale has fallen through. Furthermore, the arrangement by which Ellerman Lines was to buy three more hotels, for around £435,000, has not been finalised.

There is, however, an extra-*ordinary credit of £121,000*, apparently arising from the sale for £350,000 of the Riverside Motor Inn, on Loch Lochmond, and this helped create distributable profits of £77,000 compared with last year's loss of £87,000.

A final dividend of 0.03125p is to be paid making a total for the year to April 1 of 0.45p. The interim and the final are to be paid together.

The new chairman is Mr. Peter Rowland, who is also a director of the Anglo-Bahamian Bank and First Talisman Investment. Mr. E. McCarthy has been appointed the new secretary.

ML Hldgs. at record £0.8m and outlook encouraging

As forecast, **M. L. Holdings**, the aeronautics and engineering *group, made record profits in the* year to March 31, 1979. The taxable surplus rose 18 per cent, from £708,000 to £833,000, and the directors say the outlook is most encouraging.

Turnover increased 22 per cent from £12.28m to £15m. Net profit improved from £317,000 to £400,000 after tax of £433,000 (£391,000).

On capital increased by last December's three-for-ten rights issue, earnings per 25p share are shown to *have slipped from 14.86p to 14.63p. The dividend*, in line with the rights issue forecast is up from 2.808524p to 4p raises the net total from 4.308524p to 6p per share. The cost goes up from £106,000 to £176,000.

The directors report that M. L. Aviation Company enjoyed an increased level of activity, and M. L. Engineering Company, benefiting from the aviation company's design and development work, also increased turnover.

M. L. Engineering (Plymouth) continues to expand and current orders are at "a most satisfactory" level. The company's interests in Delairco M.L. Australia were sold, changing the *relationship to an agency basis*.

The Crown Foundry Company, because of the late completion of its new vacuum process machinery, had a difficult year. The new foundry is now in operation and the order book is building up satisfactorily. The disposal of the old foundry resulted in a capital loss of £114,000, covered by a transfer from reserves.

M. L. Refrigeration and Air Conditioning gave up its loss-making air conditioning unit agency and is concentrating on its industrial and commercial heat exchanger business. M.L. components continued its satis-*factory growth*.

● **comment**

ML Holdings has turned in an unexciting set of results, which show full-year profits 18 per cent higher. The company had been forecasting a year of consolidation but even so, with roughly 65 per cent of its sales related to defence contracts, the figures lack the lustre of profits that other military-orientated companies are reporting. This is probably due to the high proportion of Government-sponsored research and development work, little of which actually goes into production. The railway signalling side of the business is going well but elsewhere conditions have been difficult. However, the rationalisation undertaken improves the prospects for the current year. At 173p, where the *p/e is 11.6 and the yield five per* cent, the shares look fully valued.

Good start for Tecalemit

Orders, turnover and profits of **Tecalemit's** UK-based companies were up to expectations, Mr. Nigel Bennett, chairman, told stockholders at the annual meeting.

Overseas companies in Australia, Germany and France had not been quite so quick off the mark, but incoming orders were being received at a satisfactory rate.

Mr. Bennett anticipated that the outcome for the current year would be "a-source of satisfaction."

Profit increase for Smith Whitworth

Second half profits from **Smith Whitworth** came to £31,197 for a total of £94,982 in respect of the year ended March 31, 1979. In the previous year the group recovered from a loss in the first half to make £10,329.

The current order book is "highly satisfactory" and the directors are confident that the group can consolidate its position. The group makes textile and special purpose automation machinery, steel fabrications and rotationally moulded plastic products.

Earnings are shown at 1.25p (0.35p) per 5p share, and the dividend is lifted from 0.2835p to 0.3p.

	1978-79 £	1977-78 £
Turnover	1,947,152	1,792,851
Interest depcn.	65,877	78,802
Profit before tax	94,982	10,329
Taxation	41,579	15,974
Extraord. credit	17,128	113,101

‡ Credit

TEMPLE BAR INVESTMENT

For the first half of 1979, earnings of **Temple Bar Investment Trust** improved from £1.18m to £1.29m before tax of £436,028 against 422,847.

An increased interim dividend of 2.25p (1.5p) and the forecast of a maintained 4p final have already been announced. Net asset value per share is 133½p against 122½p at December 31, 1978.

IN BRIEF

RIVER AND MERCANTILE TRUST—Gross revenue for half year to June 30, 1979, £1,264,340 (£1,123,722). Net revenue £717,304 (£604,504) after tax of £333,650 (£305,990). Stated earnings per 25p share 5.70p (4.82p). Interim 4p (3.5p) payable October 1. Net asset value per share 253.12p (222.65p).

JOHN L. LEES (confectionery maker)—Results reported June 20 1979. Fixed assets £317,228 (£287,092). Net current assets £252,838 (£253,232). Increase in cash and bank balances £4,845 (£5,285). Board's policy to distribute next year as much of earned profit as tax and financial requirements allow. Meeting Glasgow, August 24, at noon.

R. PATERSON AND SONS (coffee, chicory essence, spices etc)—Results for year to March 31 1979 already reported. Fixed assets, £1.46m (£1.47m). Net current assets, £1.58m (£1.3m). Meeting Glasgow, August 23, at 11.30 am.

Results due next week

The rise in interest rates is likely to have damaged United **Dominions Trust's** performance for the year to June. Figures are due next Wednesday and it seems likely that the group's pre-tax profits will emerge some way down from *last year's* £17m, possibly as low as £15m. Although volume has been buoyant, most analysts agree that much of the business UDT has taken on over the last year has been hit adversely by the higher interest rates. The strength of *sterling may also hurt the group*: it lost £3.3m on overseas operations last year and thus faces the prospect of having any recovery it may have achieved eaten away in conversion of overseas profits.

The impressive profit increases over the past few years at **Acrow** now seem to have decelerated to a sober 6 or 7 per cent, according to analysts. The preliminary results, due on Tuesday, are expected to reach a record of around £14m (£13.1m) pre-tax despite Coles, which has been hit by a depressed world crane market. Acrow closed down its crane manufacturing operation in Germany early in the year and this could have cost about £½m. The bad winter should also hold *back profits. However, there is* scope for a good increase in dividends given that last year's payment was covered four times.

Automotive Products is not expected to make much headway this year. By its own admission, first-half profits, due out on Thursday, will fall short of last year's record interim pre-tax figure of £7.4m, mainly because of the effects of the transport drivers' strike and adverse weather conditions. Analysts are a little uncertain how to interpret this but forecast between £6.5m and £7.1m. They see some recovery in the second half for a full-year figure of roughly £15m—similar to the previous year—based mainly on an improving replacement *market and buoyant exports to* Europe.

Analysts are forecasting a roughly unchanged set of interim figures from **Glynwed**, the steel stockholding and engineering company, whose results are announced next Wednesday. Pre-tax profits should remain at £8.5m or slightly above for the six months to June, with a view to a prospective £18m for the year. Demand has been strong for the group's copper tubing, but a strike at Glynwed's Wednesbury Tube and the effects of the haulage dispute will cut into earnings. The group's South African domestic appliance operations look promising and the second half ought to be stable in spite of possible exchange losses stemming from a stronger pound.

Other results to note are interims from **J. Bibby and Sons** and **Securicor Group** with finals from **Smith Bros.** and **Hume Holdings**.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Acorn Securities	Tuesday	—	9.045	—
Acrow	Tuesday	1.25	1.05036	1.5
Ailsa Investment Trust	Thursday	1.3	2.02871	2.5
Anglo-American Asphalt Company	Monday	1.065	1.82	1.065
Asra	Tuesday	—	—	—
Associated Tooling Industries	Thursday	1.1	1.45832	1.4
Bonn Brothers	Wednesday	0.8	[illegible]	0.9
Bristol Evening Post	Tuesday	2.7	3.725	2.945
Centreway	Tuesday	6.001	6.167	6.742
City of London Brewery & Invest. Trust	Wednesday†	1.2	1.56	1.38
Cooper Industries	Tuesday	0.4	0.485	0.5
County and District Properties	Monday	0.4356	0.4422	0.48542
Cowan de Groot	Tuesday	0.72	1.388	0.8
Diamond Stylus	Thursday	0.25413	0.40487	0.2837
Dixon (David) and Son Holdings	Wednesday	1.0	2.7139	1.7755
Ellis and Everard	Monday	2.0	3.0	2.25
Firth (G. M.) (Metals)	Wednesday	—	2.5	1.5
Gaunt (Rowland)	Friday	—	1.5	—
Hallite Holdings	Thursday	2.15	4.37	2.15
Hambro Trust	Tuesday	0.65	1.37	0.65
Howard Shuttering (Holdings)	Monday	0.48571	0.50286	0.54
Hume Holdings	Wednesday	1.485	3.09675	1.675
Jackson (Wm.) and Son	Friday	—	—	—
Longton Transport	Thursday	1.1	2.7456	1.35
Smith Bros	Tuesday	1.5	3.46617	1.5
Smith (David S.)	Thursday	—	—	2.0
Unitech	Tuesday	1.452	2.5795	1.675
United Dominions Trust	Wednesday	—	—	—
Whitehouse (George) Engineering	Tuesday	0.9075	1.42165	0.75
Wholesale Fittings Company	Friday	2.027	3.859	2.23

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
INTERIM DIVIDENDS				
Aaronson Bros	Tuesday	1.0	2.5	
Adams and Gibbon	Thursday	1.75	3.875	
Aquis Securities	Tuesday	0.225	0.5	
Anglo-International Investment Trust	Thursday	1.0	2.6	
Ault and Wiborg Group	Wednesday	0.72	1.34	
Automotive Products	Thursday	0.75	0.77035	
Bibby (J.) and Sons	Wednesday	3.9	6.732	
Carron Company (Holdings)	Tuesday	1.542	2.426	
Comben Group	Wednesday	0.5	1.2	
English and Scottish Investors	Wednesday	0.6	2.051	
Glynwed	Wednesday	2.45	6.7	
Goode Durrant & Murray Group	Thursday	—	0.25	
Hawley Leisure	Thursday	0.55	0.55	
Horizon Travel	Tuesday	1.62744	2.01555	
Mercantile Investment Trust	Thursday	0.35	1.75	
Radiant Metal Finishing Company	Friday	0.55	[illegible]	
Ratcliffs (Great Bridge)	Thursday	0.75	1.56871	
Securicor Group	Wednesday	0.5	1.7578	
Security Services	Wednesday	1.25	2.363	
Wolf Electric Tools (Holdings)	Thursday	0.625	0.73344	

INTERIM FIGURES

* Dividends shown net pence per share and adjusted for any intervening scrip issue. † Second interim. ‡ Interims include second interim and final includes third interim. Third interim of 0.69p already paid for current period.

BIDS AND DEALS

Bestobell not enthusiastic over BTR new terms

BY ANDREW FISHER

BTR came up with an increased £29m offer for **Bestobell**, *the fluid engineering* and insulation company, yesterday but continued to meet with a chilly reception.

The rubber and engineering group is now offering 220p a share compared with the previous 200p and stresses that this is the highest it is prepared to go.

The Bestobell Board, however, headed by new chairman Mr. Sandy Marshall, decided unanimously that the terms could not be recommended to shareholders.

Bestobell has, nevertheless, decided to rush out its interim figures next week, ahead of the usual early September date, in order to bolster its defence. BTR's previous bid totalled £26m.

The company has already forecast a pre-tax profit rise this year of at least 30 per cent to over £6.3m, along with a higher dividend. BTR has questioned Bestobell's ability to attain this figure.

Instead of the cash and loan *stock, with cash alternative*, that BTR offered last time, it is now prepared to put up 11 of its own shares for 15 of Bestobell's, or 220p cash. The new shares will rank for BTR's 5.5p interim dividend.

BTR's managing director, Mr. Owen Green, felt that the inclusion of an equity element could turn matters in its favour. "Several brokers have indicated that this should do it," he said.

But Bestobell's largest shareholder, Britannic Assurance with 10 per cent, is continuing its support, with Mr. Frank Weavers, investment manager, commenting yesterday that "we would still like to see them *remain independent*."

By yesterday afternoon, the closing date for its initial offer, BTR had received acceptances for less than 587,000 Bestobell shares, some 4.5 per cent of the total.

Admitting that this was low, Mr. Green said it was considerably more than those received at the same stage during the company's bids for Silentbloc and Allied Polymer, both of which had proved successful.

BTR now has just over 7 per cent of the Bestobell shares, and has extended the closing date to August 17.

Bestobell's shares closed 5p higher at the 220p offer level yesterday, while those of BTR stood at 307p for a gain of 5p. At this level, the share exchange offer is worth around 225p a share for Bestobell holders.

Mr. Marshall said that the company's institutional shareholders were being contacted following the board decision to reject the higher bid—"I hope they adopt the same attitude."

See Lex

SCHEMES OF ARRANGEMENT

The scheme of arrangement to merge the boards of Bradwall (FMS), Rubber Estate, Chersonese (FMS) Estates, Muar River Rubber Company and Sungei Krian Rubber Estate with a new holding — Barlow Holdings — has become effective. Mr. A. C. Parsons has joined the Barlow Holdings board.

The scheme for the merger of Majedie Investments and Sekong Rubber Company has also become effective. Sir Charles C. Hobhouse and Mr. A. C. Parsons have joined the board of Majedie.

SIMON FAMILY NOT PREPARED TO SELL

The Simon family which controls just over 50 per cent of **Evode Holdings**, last night let it be known that it was "unwilling to dispose of its shares in response to any offer in present circumstances."

Mr. Peter Wright, the new chairman brought in on the death of Dr. Hermann Simon last year, is to resign, and Mr. Andrew Simon, the chief executive, will act as temporary chairman.

At the beginning of July, following a 10p rise in the shares to 51p, Evode announced that it had received a bid approach of 61p per share, but that had been rejected by the controlling shareholder and had therefore been withdrawn.

The announcement triggered off a series of further approaches and the company chose to suspend its shares while it considered these. All those talks have now been terminated because the board has been advised that the family has no intention of selling at present.

Dealing in the shares is likely to resume on Monday.

VICKERS

Vickers has acquired Medelec for £3m.

Medelec specialises in the development and manufacture of electronic equipment for clinical *neurophysiology and industrial* graphic recording equipment.

Redman extends offer but puts in condition on U.S. purchase

BY RAYMOND MAUGHAN

Redman Heenan International has extended its 66p per share cash offer, worth £7.3m, for **Wellman Engineering Corporation** by five days to August 10.

The proposed purchase by *Wellman of the Industrial Heating* Business Department of General Electric in Indiana is strongly criticised, and Redman has decided to withdraw its offer if Wellman shareholders approve the U.S. deal at an extraordinary meeting on August 13.

Redman calculates that Wellman's gearing would amount to 95 per cent if IHBD is acquired, taking into account the £1.3m initial working capital requirement and takeover expenses of £230,000. It is stressed the *IHBD* has an erratic profits record culminating in a loss last year of £373,000, which does not include losses of £505,000 on the discontinued electro-boiler lines.

Its own offer of 65p per share, Redman points out, represents an historic exit p/e of 14.8 on a fully taxed basis and Wellman has given "no indication of how this year's trading is going." The forecast of £500,000 pre-tax, the bidder states, at the interim stage "does not match up to the level reached two years ago."

The forecast that IHBD will contribute £450,000 after financing charges in the 33 weeks to March next year is described as "meaningless" since the assumptions on which it is based are so broad. "In view of the general economic climate," Redman asserts, "we are sceptical whether those profits can be significantly higher this year."

As yet, Wellman's defence contains no dividend projections and Redman believes that such an estimate has been ommitted because "in two of the past three years, dividends have not *been covered by profits* as adjusted for inflation" and IHBD is unlikely to have any funds available for remittance to the UK "in the foreseeable future."

Wellman is expected to emphasise that its own cash balances have increased by £1.26m to £2.47m since the year end as three contracts have been completed. A letter to be sent to its shareholders next week will contain a profit forecast and details of a higher dividend.

See Lex

HARP LAGER

The following proposed mergers resulting from the reorganisation of the Harp Lager business are not to be referred *to the monopolies commission*:—

Arthur Guinness Son and Co. and Harp's Dundalk Brewery; Scottish and Newcastle Breweries and Harp's Manchester and Edinburgh Breweries; Bass and Harp's Alton Brewery; Greene King and Sons and a substantial minority interest in Harp.

FINLAS HOLDINGS

Chailey Securities has received acceptances of its offer for the ordinary capital of **Finlas Holdings** in respect of 893,596 shares.

Together with the 477,749 ordinary of Finlas, already held by Chailey, this is equivalent to 97 per cent of the issued ordinary.

The offer has been declared unconditional and remains open for further acceptances. Chailey will acquire compulsorily any outstanding shares.

KCA PAYMENT

KCA International, the oil servicing and contracting group, has reached agreement with Mr. Frank Narby's **Eurocanadian Shipholdings**, the private Canadian-owned shipping group based in Switzerland and Bermuda, to extend the payment period on its 8.4 per cent stake in Furness Withy which KCA agreed to buy in May. The period has been extended *one month to September 15*.

NOYAPARA TEA

Rightwise now owns an aggregrate of 372,740 shares and new shares in **Noyapara Tea**, equivalent to 99.40 per cent of the total number of Noyapara and new Noyapara shares.

STOREY SALE

Hercules Powder Company has agreed to buy **Storey Brothers and Co.'s** polypropylene film business at Manningtree, Essex.

The plant will continue to manufacture Bexphane biaxially orientated polypropylene film as now produced by Storey. In addition, Hercules will modify existing production capacity to manufacture Hercules's BXT grades of film used primarily in the tobacco and confectionery wrapping industry.

Doloswella buying bookmaker

Doloswella Holdings, a Sri Lanka tea company, aims to come back to the Stock Exchange's over-the-counter market with a new acquisition, one director less and changes in the shareholdings.

Doloswella wants to buy Major Bookmakers, a bookmaking company with three betting shops and telephone credit betting, for about £170,000 in Doloswella shares valued at 30p each. The directors of Major forecast profit of not less than £40,000 for the next accounting period. The purchase is subject to shareholders' approval.

Mr. P. G. Stanley has resigned as a director of Doloswella and sold 758,172 shares, leaving himself with 85,920 shares (1.7 per cent). The Dominion Charter Merchant Trust has sold its holding of 565,210 shares and Mr. G. Fielding has sold his parcel of 82,000 shares.

The directors buying shares have been Mr. F. O. Krebs whose *298,333 new shares bring his* holding up to 518,533 (10.5 per cent), Mr. S. A. Forsyth who has bought and holds 266,666 shares (3.4 per cent) and Mr. J. G. Forsyth who has bought and holds 26,605 shares. The City Take-over Panel has confirmed that no obligation to bid arises.

Doloswella is now trading profitably, the directors say, and £100,000 pre-tax profit is forecast for 1979. An interim dividend of 0.5p is forecast.

ASSOCIATES DEAL

On August 1 Hoare Govett bought 50,000 **Wellman Corporation** at 63½p on behalf of an associate of **Redman Heenan International**.

SHARE STAKES

Burnett and Hallamshire Holdings — Scottish Amicable Life Assurance Society has disposed of 20,000 shares leaving holding 80,000 shares (4.13 per cent).

Hill Samuel Group — K. Winckles has become beneficially interested in *further 5,000 shares* making holding 13,714 shares. I. McIntyre and D. C. Mootham, directors, are beneficially interested in 65,504 and 9,571 shares respectively. A total of 24,000 shares of Mr. McIntyre's are held by his wife.

Bowthorpe Holdings: J. A. D. Wyness, director, notifies that the R. A. Parsons 1959 Settlement has disposed of 34,500 shares at 84½p leaving holding at 25,000 (0.6375 per cent).

Leda Investment Trust: The beneficial interest of the Equitable Life Assurance Society has been reduced to 542,000 income shares (10.9 per cent).

Clarke Nickolls and Coombs: Barclays Nominees (M and G Group) "A" account has acquired 1,773 shares making holding 251,357 (5.03 per cent).

Bernard Wardle and Co.: Birmingham and Midland Counties Trust holds 4,840,290 shares (27 per cent).

Sheepbridge Engineering: Guest Keen and Nettlefolds holds 33,137,906 shares (93.67 per cent).

N. Brown Investments makes buoyant start

Following on from the last autumn/winter season, the current year at **N. Brown Investments**, mail order group, has started on a very buoyant note, says Mr. D. Alliance, the chairman, in his annual statement. Despite some levelling out recently, sales and profits are ahead of last year.

Regarding the final outcome, members are told that the Board is reasonably optimistic.

As already reported, pre-tax profits advanced by 25 per cent to over £1m for the 53 weeks ended March 3, 1979, on turnover, *net of VAT, of £17.34m* (£16.72m).

In the longer term, Mr. Alliance says the Board has some ideas for increasing the group's share of the mail order market and for keeping abreast of ever increasing credit facilities being offered to consumers by retailers.

He says that if the group can develop its appeal along the lines *currently being considered*, then the high rate of its marginal profitability on the increase in sales will ensure significantly higher profits.

While the Board is optimistic of the potential benefits of this review, its ideas are still only *in the formative stages and* Mr. Alliance says these cannot be expected to make a significant impact on profitability before 1981 or 1982.

He adds, however, that these possible developments give the Board continued confidence and *optimism for the group's* prosperity in the 1980s.

At the year-end, bank overdrafts were reduced by some £850,000 to £3.65m, making a total reduction in bank borrowings over the last two years of almost £2m.

Meeting, Manchester, September 5, 2.30 pm.

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SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Eagle Star made a renewed approach to Bernard Sunley Investment Trust, in which the former has a 33 per cent stake. The approach comes nearly six years after Eagle Star's first offer was interrupted by the Monopolies Commission which eventually gave it clearance, and then by the collapse of the property sector.

The formal offer from Eagle Star is likely to be at least a couple of months away while the Sunley portfolio is revalued with another delaying factor being a side-deal whereby Mr. John Sunley and his family buy the construction arm of the group.

Hanson Trust is another concern making a second bid for the same company, this time Lindustries. Hanson is making an offer on the same terms as previously—135p cash per share for the 41 per cent of Lindustries equity it does not already own. Hanson's first offer, made nearly two years ago, foundered because it was conditional on a recommendation by the Lindustries Board which was not forthcoming. No such condition has, as yet, been stipulated, but Lindustries has again spurned the offer.

In an attempt to enforce boardroom changes at Berwick Timpo, the toy company, Mr. Torquil Norman, the former chief executive, led a group of interests in requisitioning an extraordinary general meeting. At the same time, one of his supporters, the Caparo Group, bought further shares in Berwick, taking the holding of Caparo, Mr. Norman, Charterhouse Japhet and others acting together beyond 30 per cent to trigger an obligatory take-over bid under the Takeover Code. The Berwick Timpo board rejected the offer as derisory.

In a deal aimed at stepping up the growth of its U.S. business, Smith and Nephew paid $18m (£7.8m) cash for Anchor Continental, a South Carolina-based maker of industrial adhesives and plaster-of-Paris bandages.

Guthrie Corporation is not to proceed with its intended bid for the 27 per cent minority of Guthrie Berhad because terms could not be agreed.

Brentnall Beard (Holdings), the troubled insurance broker, is to dispose of the business of Brentnall Beard and Co., a wholly-owned subsidiary, to competitors Hogg Robinson in a deal estimated to be worth a net £1.1m cash to Brentnall.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder	Final Acc't'ce date
		Prices in pence unless otherwise indicated.				
Alginate Inds.	415*	397	415‡‡	22.6	Merck	—
Allen (Edgar)¶¶	69½*§	61	63	9.63	Aurora Hldgs.	—
Berwick Timpo	75*§	79	68	1.25	Chrtrhse. Japhet & Associates	—
Bestobell	225	220	206	29.6	BTR	17/8
John Bright¶¶	40½*	39	43	4.29	Largs	—
Caplan Profile	124	123	143	8.37	Pentos	—
Cartiers	150*	144	134	19.4	Tesco	—
Ellis & McHardy	185*	180	67	2.22	Mackan (UK)	—
Farm Feed	95*§	92	49	1.08	Consortium	—
Finlas	182*§	180	175	1.33	Challey Secs.	—
Gough Bros.	130*	129	71	4.30	Scottish & Newcastle	9/8
Hawthorn Baker	185*	175	135	1.21	Dunlop	—
James (J.)	84½§§	80	55	23.8	Wlsly. Hughes	S/S
Lebus (Harris)	39½	37	35	0.85	PMA	—
Lindustries	135*§	139	120	23.6	Hanson Trust	—
Pye Holdings	180*§	169	116	34.5	Philips	—
Sanderson Kayser	81§§	76	50††	4.83	GEI	—
Sekong Rubber	£15	£15	£10	2.25	Majedie Invs.	—
Silhouette	96½	93	55††	1.93	Pawson	—
Silhouette 'A'	91½	90	45††	1.08	Pawson	—
Wellman Eng.	65*§	65½	55	6.03	Rdmn. Heenan	—

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. || Date on which scheme is expected to become operative. ** Based on 3/8/79. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
A. B. Engrg.	Mar.	73	(44)	0.2	(0.2)	—	(—)
Allen (W. G.)	Mar.	661	(496)	10.0	(11.4)	2.96	(2.57)
Austin (James)	Mar.	1,127	(769)	22.0	(12.5)	7.0	(5.92)
Black (Peter)	Apr.	2,280	(1,940)	40.1	(48.4)	7.7	(6.42)
Brady Inds.	Mar.	409	(13)	16.3	(—)	3.0	(3.5)
Brasway	Apr.	458	(213)	20.4	(9.5)	3.0	(1.0)
Cableform	Mar.	544	(732)	11.1	(10.6)	3.3	(3.3)
Dixons Photo.	Apr.	10,720	(9,520)	26.2	(22.4)	3.8	(2.42)
Gnome Photo.	May	419	(316)	8.3	(5.7)	4.15	(2.84)
Hales Props.	Mar.	385	(278)	9.8	(7.1)	3.11	(2.5)
Hampson Inds.	Mar.	584	(614)	2.2	(2.1)	0.8	(0.69)
Hazlewoods	Mar.	521	(401)	11.5	(9.2)	4.0	(1.0)
Hillards	Apr.	2,540	(2,310)	26.9	(36.2)	7.0	(4.93)
Investment Co.	Mar.	367	(331)	3.4	(3.0)	1.5	(1.06)
Morgan Edwards	Mar.	30	(492)L	0.5	(—)	—	(—)
Norton (W. E.)	Mar.	749	(647)	3.6	(3.3)	0.82	(0.29)
Preedy (Alfred)	Mar.	1,170	(1,210)	12.8	(13.6)	3.35	(2.85)
Ransom (Wm.)	Mar.	689	(629)	22.2	(18.8)	4.93	(3.14)
Russell (Alex.)	Mar.	812	(503)	30.8	(18.7)	4.0	(2.24)
Steinberg	Mar.	843	(503)	5.1	(2.2)	1.1	(0.96)
Waring & Gillow	Mar.	5,030	(3,600)	21.8	(15.7)	5.09	(3.26)
Wearwell	May	750	(332)	5.1	(2.6)	1.1	(—)

Scrip Issues

Austin (James): One for two.
Black (Peter): One for one.
Dixons Photo.: One for three.
Hampson Inds.: One for ten.
Hillards: One for one.
Notts. Manufacturing: One for three.
Russell (Alex.): Three for two.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Automated Secs.	May	620	(382)	0.77	(0.66)
British Vending	June	286	(170)	0.7	(—)
City Offices	June	675	(555)	1.3	(0.86)
East Lancs. Paper	June	615	(708)	1.66	(1.51)
Felixstowe Tank	June	148	(153)	2.5	(2.5)
Ford Martin	June	669	(554)	1.3	(1.1)
Grindlays Hldgs.	June	16,200	(19,000)	1.06	(1.0)
Hirst & Mallinson	May	160	(125)	1.3	(1.0)
Hoover	June	981L	(3,823)	5.61	(5.61)
Lex Service Grp.	June	11,890	(8,370)	2.8	(1.3)
MacDonald Martin	June	808	(1,280)†	3.0	(3.0)
Mount Charlotte	June	396	(320)	—	(—)
Notts Mftg.	June	6,050	(4,980)	1.0	(0.75)
Pratt (F.) Engrg.	Apr.	388	(552)	2.2	(1.84)
Reed Intl.	June‡	26,500	(21,500)	—	(—)
Rentokil	June	5,810	(5,050)	0.85	(0.72)
Taylor Woodrow	June	7,660	(8,088)	3.15	(2.3)
Tricentrol	June	7,218	(4,337)	2.8	(0.84)
Vantona Group	June	4,021	(3,345)	3.0	(2.0)
Viscose Devpmt.	June	658	(685)	—	(1.27)
Vosper	Apr.	796	(919)	2.6	(2.5)
Witter (Thos.)	May	647	(637)	0.7	(0.67)

(Figures in parentheses are for corresponding period.)
Dividends shown net except where otherwise stated.
* Adjusted for any intervening scrip issue. † For nine months. ‡ First quarter. L Loss.

Progressive income growth justifies RIT policy

HOPEFUL OF a further income growth in the current year the directors of Rothschild Investment Trust intend to maintain the present role of the company as an actively managed unconventional investment trust.

Existing policy and activities, which are untypical of an investment trust sector as a whole, is to commit a substantial part of its assets to owning business, to invest in a number of unlisted companies, and to take a larger than usual stake in listed companies, says Mr. Jacob Rothschild, the chairman.

The success of the policy is borne out by the growth of RIT's wholly-owned subsidiary Anglo-Leasing where taxable profit from the year to March 31, 1979, climbed from £0.76m to a record £1.17m, he points out.

London and New York Investments SA, a recently formed offshore investment company, New Court Natural Resources, Rothschilds Continuation, Wedd Durlacher Mordaunt and Co., and OCS Group, make up RIT's major unlisted investments, together with interests in insurance brokers.

At the end of 1978-79 unlisted investments, at directors' valuation, amounted to £12.9m (£11m) out of a total portfolio of £58.4m (£65.7m) or 28.2 per cent of total assets.

The company now holds 75 per cent of Blegy Holdings, the holding company for Lloyds underwriting and broking interests of Leslie and Godwin.

RIT's $10m investment in London and New York is half financed by existing issue of dollar convertible bonds and the balance by premium currency. Mainly as a result of the sale of Magnum Fund, the investment currency content of RIT has been very substantially reduced, the chairman notes.

Its stake in Godfrey Davis is now 20.6 per cent and in Royal Worcester 25.5 per cent. It also continues to hold 22.8 per cent of Hume Holdings, 17.3 per cent of Esperanza, 20.4 per cent of Lep Group, 10 per cent of Sotheby Parke Bernet Group and as known, recently acquired 29 per cent of Corn Exchange Company.

The company is also prepared to make larger commitment to particular areas. Mr. Jacobs points out that in the plantation sector both realised and unrealised gains at year-end totalled £10m.

Total assets, up 29.2 per cent at £123.6m, were spread, in percentages, as to: UK 76.7; Far East 9.7; Europe 5.2; International 4.6; South Africa 2.1; and U.S. 1.7.

For 1978-79 pre-tax revenue was up from £3.87m to £5.75m on gross revenue of £7.14m (£5.37m). As reported July 10 the net dividend is stepped up 2p to 9p.

Year-end bank overdrafts and short-term loans were higher at £8.11m (£3.74m) and medium-term loans more than doubled to £7.3m (£3.6m) but loan and debenture stocks were down at £3.1m (£11.99m), and foreign currency loans amounted to £4.67m (£9.13m).

Meeting, New Court, St. Swithin's Lane, EC, on September 17 at 11.30 am.

Carrington Inv. falls to £65,000

Taxable profits of Carrington Investments fell from £83,900 to £65,000 in the year to March 31, 1979, on turnover ahead from £504,000 to £558,000.

The pre-tax surplus was up slightly from £37,980 to £48,000; at midway but the directors then warned that year-end profits would be lower than the previous 12 months.

However, the net dividend is being lifted from 2.277p to 2.4p per 50p share. After tax of £29,000 (£43,000) stated earnings per share are down from 3.7p to 2.3p.

There is an extraordinary credit transferred to reserves of £89,000 (£41,000). The board feels the market values of group properties at the year-end was well above book values. Therefore, £68,000—the balance of the directors provision in 1975 against property assets—is no longer required, and has been included in the extraordinary items.

Imry hoists dividend to 5.2p

WITH EARNINGS per 25p share rising from 4p to 8.4p for the year to March 31, 1979, Imry Property Holdings is raising its dividend from 2.20127p to 5.2p with a final payment of 4p net. Pre-tax profits for the period advanced from £447,377 to £750,035.

The directors are of the opinion that properties together with the investment in the associated company exceed book values by over £34m.

Tax for the year took £365,582 compared with £263,900 leaving the net profit ahead from £183,477 to £384,453.

	1978-79 £	1977-78 £
Gross rental inc.	1,909,234	2,056,276
Property outgoings	542,529	844,618
Net rental income	1,365,705	1,211,659
Other income	195,653	126,462
Depreciation	15,182	14,581
Admin. charges	137,838	107,279
Cost of finance	662,333	714,570
Belgian losses	—	59,334
Pre-tax profit	750,035	447,377
Tax	365,582	263,900
Profit after tax	384,453	183,477
Extraord. items	7,471	742,702
Minorities	28,000	28,000
Retained	145,586	87,344

The directors estimate increases in net annual rents, arising from properties in the UK on the expiration of rent reviews and based on current rental levels, will be £336,000 in the current year. The cumulative increase up to 1983 is estimated at £1.83m.

VIEW FORTH

The listing of View Forth Investment Trust has been cancelled at the company's request. Shares of View Forth, in members' voluntary liquidation, are to be exchanged for units of a unit trust.

MINING NEWS

Hamersley men vote to end 10-week strike

BY KENNETH MARSTON, MINING EDITOR

WORKERS AT the Rio Tinto Zinc group's big Hamersley iron ore operations in Western Australia have voted to end the strike which began on May 24. The company's declaration of force majeure on iron ore shipments is to be lifted when work resumes.

Hamersley's managing director, Mr. Tom Barlow, estimated the production loss caused by the strike at about 10m tonnes and put the loss of shipments at 8m tonnes.

He said the full impact of the strike will not be known until operations and shipments return to normal, pointing out that of the 2,300 workforce, 150 men resigned during the stoppage and a further 600 or so single men left the region. It is not known how many will return.

He added that faults could have developed in mining and shipping equipment during the strike and these will have to be tracked down and rectified. Some 10 to 12 bulk carriers, including one partly loaded, were waiting at or off the port of Dampier.

AMC has a better year

THE Consolidated Gold Fields group's Australian rutile and zircon producer, Associated Minerals Consolidated, managed to almost eliminate its operating loss in the year to June 30.

The loss, before tax benefit, dwindled to A$610,000 (£305,000) from A$5m in 1977-78. After crediting tax benefit, AMC is left with a profit of A$225,000 against a loss in the previous year of A$2.76m. No dividend is being paid.

The past year's better performance has reflected a continued close control of costs, better operating efficiencies, and a 14 per cent increase in sales revenue. Although sales increased substantially, prices were checked by contracts entered into during the recession in the mineral sands industry.

Although low-priced contracts will depress sales revenue for the balance of 1979, AMC expects a continued long-term growth in world demand for rutile and synthetic zircon. It was to provide funds for expansion to meet this demand that the company made its recent A$8.5m rights issue.

Com. Edison is to finance Kitts Michelin

AGREEMENT IN principle has been reached whereby America's Commonwealth Edison will, via its Canadian subsidiary, finance mine and mill construction at the Kitts and Michelin uranium deposits in Labrador of the Rio Tinto-Zinc group's Brinco. Edison will also purchase up to 18m lb of uranium oxide from the mine.

This follows a deal whereby Brinco's subsidiary has exercised an option on Urangesellschaft's 40 per cent interest in the joint venture. Subject to government and other approvals, both in Canada and the U.S., Brinco has agreed to transfer the 40 per cent stake to its new partner, Edison Development Canada.

The latest news follows earlier reports in this column that a major utility had shown interest in purchasing the uranium. It was also thought that the mine would be worked on an open-pit basis at Michelin in conjunction with underground working at Kitts for a combined annual production of 1.3m lb of uranium oxide over 15 years.

Phelps Dodge profits jump

THANKS TO the higher copper prices and increased production and sales, second quarter net profits of America's Phelps Dodge have bounded ahead to $34.7m (£15.3m), or $1.60 per share, compared with $10.3m or 42 cents per share in the second quarter of 1978.

This brings net income for the half-year to $48.8m, or $2.21 per share, against $17.7m or 71 cents per share in the first half of 1978.

Sales of copper in the half-year totalled 173,400 tonnes compared with 155,400 tonnes in the same period of 1978.

Group Lotus broadens business base for 1979

IN HIS annual report Mr. Colin Chapman, chairman of Group Lotus Car Companies, says that 1978 was a year in which the company improved manufacturing efficiency, responded to a variable market and finalised consultant engineering and engine sales agreements to broaden the business base for 1979.

During the year under review the level of profitability was increased by 29 per cent, with only a small rise in staffing levels. As reported on July 21 the pre-tax figure was up from £556,674 to £716,418. After a break of three years the company is also returning to the dividend list with a payment of 0.7p net.

Before the year end the company established, with two other motor manufacturers, agreements covering vehicle engineering on their behalf, and for one of them including the supply of Lotus engines. These arrangements, coming on stream in 1979, cover a number of years and the engine contract will involve a virtual doubling of the 1978 rate of engine production.

At the turn of the year Lotus concluded arrangements with its U.S. distributors to buy out their franchises and to support the establishment of a new subsidiary to distribute in the U.S. Consequently early in 1979 Lotus North America Inc. was established.

UK staff are assisting U.S. colleagues in setting up this undertaking, involving for the first time direct factory participation. For 1979 trading results of this operation will be consolidated in the accounts.

The AGM of Lotus will be held at Norwich on September 4 at 12.15.

Helical Bar returns to payments

Following the increase from £55,000 to £64,000 at midway, profits before tax of Helical Bar recovered from a depressed £35,200 to £130,500 in the year ended April 28, 1979. Turnover was higher at £8.1m against £6.14m.

Earnings per share are shown at 1.9p, against 0.5p, and the directors have resumed dividend payments with a single 1p final. The last payments totalled 2p in 1976-77.

The contribution of £19,500 from associates includes a small attributable loss from Saudi Steel Reinforcements incurred in its first nine months' trading to December 31, 1978. Management accounts for the first six months of this year show the company is now trading at a satisfactory profit.

	Year 1978-79 £	1977-78 £
Turnover	8,100,000	6,140,000
Operating profit	111,000	5,300
Associates	19,500	29,900
Profit before tax	130,500	35,200
Tax	75,000	25,700
Net profit	55,500	9,500
Minorities	—	2,900
Extraordinary items	11,500	21,800
Attributable	44,000	*15,200
Final dividend	29,000	—

* Loss.

BANK RETURN

BANKING DEPARTMENT

	Wednesday Aug. 1 1979	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	29,865,972	+ 6,541,973
Special Deposits	91,955,000	—
Bankers Deposits	529,271,529	+ 83,371,933
Reserves & other Accounts	722,400,641	+ 120,413,357
	1,388,046,142	+ 210,127,263
Assets		
Government Securities	1,011,223,971	+ 363,850,000
Advances & Other Accounts	173,579,092	— 153,751,499
Premises Equipment & Other Secs.	185,874,878	+ 8,554,146
Notes	17,184,093	— 8,513,289
Coin	184,108	— 12,095
	1,388,046,142	+ 210,127,263

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes Issued	9,650,000,000	— 75,000,000
In Circulation	9,632,815,907	— 66,486,711
In Banking Department	17,184,093	— 8,513,289
Assets		
Government Debt	11,015,100	—
Other Government Securities	8,448,333,939	+ 15,824,681
Other Securities	1,190,650,961	— 90,824,681
	9,650,000,000	— 75,000,000

APPOINTMENTS

Senior post at IC Gas

Mr. T. M. O'Rorke group finance director of IMPERIAL CONTINENTAL GAS ASSOCIATION is to become a managing director. He will succeed Mr. J. Watt who retires from executive duties at the end of September but will become a deputy chairman.

★

Mr. Richard Zimmern has been appointed director of marketing and sales for the UK branch of MOBIL PLASTICS EUROPE INC.

★

Mr. A. M. Usher has been appointed secretary of THE BRITISH INVESTMENT TRUST in succession to Mr. F. K. Bryson who has retired.

★

Mr. E. T. Judge has retired from the Board of BPB INDUSTRIES.

★

Mr. Martyn Oldroyd has been appointed managing director of CARRYFAST, a member of the SPD Group. He succeeds Mr. Ian Harrison who has taken a senior appointment with the financial division of SPD Group's parent company, Unilever.

Mr. John [illegible] has been [illegible] of [illegible] INGS, a member of the [illegible] Group.

★

Mr. [illegible], general manager of CAPITAL PARTNERS INTERNATIONAL has been appointed a director.

★

WINCHESTER BOWRING has made the following appointments. Departmental directors: Mr. J. S. Barber, Mr. R. J. Barry, Mr. N. L. Edwards, Mr. C. G. Harman and Mrs. G. D. Humphrey. Assistant directors: Mr. P. A. W. Bennett, Miss S. Christiansen, Mr. J. M. Dowlen and Mrs. C. S. McMahon.

★

Mr. Francis E. Reining has been appointed director of finance for MONSANTO at its Europe-Africa area headquarters in Brussels. He succeeds Mr. Michael F. Mee, who is returning to the company's world headquarters in St. Louis, U.S. to take up the position of controller. Mr. Reining will assume overall responsibility for the company's financial control, treasury, tax, management information systems and planning functions in the Europe-Africa area.

★

Mr. Frank Ramsay has been appointed to the main Board of COURTS (FURNISHERS) and Mr. Warren Saunders has become an associate director.

★

Mr. Peter Holland has been appointed group financial controller of CLARKE SECURITIES, the parent company of the Clarke housing and construction group.

★

Mr. G. C. Pengilly has resigned from the Board of SOUTH CROFTY and relevant subsidiary and associated companies for personal reasons.

★

Following the merger of Davy Corporation with the McKee Corporation, U.S. at the end of last year, a new oil and chemical division of DAVY McKEE has been formed in the UK, with Mr. Peter Vessey as chief executive and Mr. Stanley Burns, chairman. Mr. Vessey is at present managing director of Davy International Products and Mr. Burns is a director of Davy Corporation. The new division incorporates the existing London-based oil and chemical operations of Davy International, Davy Powergas SA of Paris, the London and Brussels operations of McKee and Davy International Projects. Its headquarters will be at 8, Baker Street, London.

★

Mr. C. A. Sylvester has been appointed a director of RUBEROID PAPER.

★

Mr. George Clarke, works manager at ADAMSON AND HATCHETT has been appointed to the Board.

EUROPEAN OPTIONS EXCHANGE

Series	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
AKZ C F.27.50	68	2.10	51	2.80	—	—	F.28.60
AKZ C F.30	88	1.10	38	1.80	5	2	"
AKZ C F.32.50	110	0.50	—	—	—	—	"
AKZ C F.35	10	0.20	—	—	—	—	"
ARB C F.70	6	2	—	—	—	—	F.70.80
ARB C F.75	10	0.40	—	—	—	—	"
HO C F.30	41	2.70	3	3.50	—	—	F.32.40
HO C F.32.50	30	1.50	37	2.20	5	3.50	"
HO C F.35	5	0.70	—	—	—	—	"
IBM C $75	30	1⅛	—	—	—	—	$69⅛
IBM C $80	—	—	90	⅞	—	—	"
KLM C F.100	207	13	38	15.20	—	—	F.107.70
KLM C F.110	393	5	44	8	32	9	"
KLM C F.120	97	2.20	165	4.30	—	—	"
KLM C F.130	57	0.80	—	—	—	—	"
KLM C F.140	3	0.30	—	—	—	—	"
KLM P F.100	188	1.40	122	2.80	30	3.50	"
KLM P F.110	290	4.30	55	5.50	60	6.80	"
KLM P F.120	42	12	20	13	—	—	"
NN C F.100	—	—	—	—	2	12.60	F.110.40
NN C F.110	15	3.50	5	4.50	—	—	"
PET C Fr.4400	—	—	2	1040	—	—	Fr.5000
PET C Fr.4800	14	480	10	590	—	—	"
PET C Fr.5000	2	350	3	510	—	—	"
PET C Fr.5500	—	—	—	—	5	470	"
PHI C F.22.50	211	2.80	2	3.20	—	—	F.24.60
PHI C F.25	377	1.20	139	1.70	21	2.40	"
PHI C F.27.50	120	0.30	209	0.60	—	—	"
PHI P F.22.50	—	—	18	0.30	—	—	"
PHI P F.27.50	10	3.10	5	3	—	—	"
RD C F.140	10	9	—	—	—	—	F.147.40
RD C F.145	111	5.90	44	8.30	—	—	"
RD C F.150	150	3.50	13	5.60	1	7.80	"
RD C F.160	40	1	89	2.20	—	—	"
UNI C Fr.860	25	10	—	—	—	—	Fr.760
UNI C F.130	1	5.50	4	4.50	—	—	F.131.20
XRX C $70	—	—	5	1¾	—	—	$64¼
	Aug.		Nov.		Feb.		
BA C $40	2	3⅝	—	—	—	—	$43½

TOTAL VOLUME IN CONTRACTS 4108

C=Call P=Put

INSURANCE BASE RATES

† Property Growth 11¼%
† Vanbrugh Guaranteed 12¼%

† Address shown under Insurance and Property Bond Table.

CORAL INDEX: Close 455-460

Dow easier on profit-taking

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—24¼% (24½%)
Effective $2.2695—8½% (8¼%)

PROFIT-TAKING brought an easier tendency on Wall Street yesterday in moderate trading.

The Dow Jones Industrial Average lost a modest 1.79 to 846.16, but was 6.40 higher on the week. The NYSE All Common Index shed 2 cents to $59.33, *trimming an advance for* the week to 60 cents, while declines held an edge over gains by 742 to 657. Turnover was down sharply to 28.18m shares from Thursday's 37.77m.

Take-over news continued to capture investor attention, but profit-taking hit a number of stocks that had advanced recently on expectations that they would benefit from energy developments.

Hildegard Zagorski, of Bache Halsey Stuart Shields, said a number of traders were discouraged by a recurrence of a recent tendency of institutions to begin selling when the D-J Industrial Average exceeded the 850 mark.

Analysts noted that energy shares were also due for profit-taking. They have been strong for months and now, with Congress in recess, President Carter's energy programme will be on hold for about a month.

In the Energy group, **Superior Oil** receded $⅞ to $423½, **Halliburton** ⅞ to $73¼ and **Hughes Tool** ⅜ to $57⅞.

Railroads, which have gained lately on expectations of hauling more coal, also reacted. **Burlington Northern** shed ⅞ to $57¼ and **Chessie System** ⅜ to $31½.

Maryland Cup fell 3⅞ to $25¼ on ending merger talks with **Kraft**, which eased ¼ to $48½.

Memorex moved ahead 2¼ to $33. Analysts said they had reservations about a Memorex merger with Amdahl, but suggested that Memorex might receive other bids. **Amdahl** slipped ¼ to $27⅜ on the Amex.

General Growth Properties rose 2⅞ to $39¼. It has ended a merger pact with private investors and said it would seek to sell its assets.

Integon climbed $3 to $32. **Anderson Clayton**, unchanged at $20⅞, has raised its bid for Integon to $35 a share from $32.50.

THE AMERICAN SE Market Value Index declined 0.17 to 198.99 which, in contrast to the NYSE trend, leaves a loss on the week of 0.59.

CANADA—Share prices also displayed a downward bias in Canada in a fairly active trade. The Toronto Composite Index dipped 3.1 to 1,557.8, while Oils and Gas lost 15.1 to 2,692.3, but Golds picked up 4.1 to 1,773.4. In Montreal, Papers shed 0.28 to 174.78, but Banks gained 1.45 more to 317.97 and Utilities 0.54 to 229.60.

TOKYO—Active selective buying, mainly by institutional investors and major investment trusts, took the market broadly higher and left the Nikkei-Dow Jones Average 26.13 stronger at a new record peak of 6,355.72.

The Tokyo SE index rose 1.37 to 447.30, while volume came to 340m shares (410m).

The recent rise has been due mainly to an easing of margin trading controls over most stocks in mid-July.

Sony advanced Y40 to Y1,910, **TDK Electronics** Y30 to Y1,720, **Fuji Photo Film** Y10 to Y600 and **Shimizu Construction** Y15 to Y259.

GERMANY — After gaining further ground, many shares reacted on pre-weekend profit-taking to leave mixed price changes at the close. However, the Commerzbank index managed a net gain of 1.8 at 765.7 for an advance on the week of 11.8.

Deutsche Babcock were DM 1.50 higher in Engineerings on announcing a sharply increased order intake for the first nine months. **Mannesmann** and **Siemens** were each up DM 1.80, while **Horten** added DM 3.50, but **BMW** shed DM 3 and **Daimler** DM 3.50.

PARIS—The market closed the week on a bright note, with some good gains occurring in fairly active trading.

Banks, Foods, Motors, Electricals and Oils were generally firmer, while Rubbers, Steels and Chemicals were mixed, but Textiles and Department Stores eased.

Best performers included **Cetelem, BSN, Saunier-Duval, Carrefour, Esso, Elf-Aquitaine, Lefebvre, Dassault, Ferodo** and **Cit-Alcatel**.

HONG KONG — With the market thinly attended after Thursday's closure due to Typhoon Hope and ahead of the long weekend due to next Monday's local holiday, shares generally reacted on light profit-taking. The Hang Seng index receded 8.04 to 608.59.

Indices

NEW YORK — DOW JONES

	Aug. 3	Aug. 2	Aug. 1	July 31	July 30	July 27	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
● Industr'ls	846.16	847.95	850.34	846.42	836.74	839.76	878.72 (10/4)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	85.86	85.99	85.90	85.76	85.51	85.59	85.99 (2/8)	82.92 (8/5)	—	—
Transport	254.97	256.35	256.72	254.65	252.08	251.70	256.72 (1/8)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	108.02	108.16	108.49	108.80	108.02	108.15	108.80 (31/7)	98.51 (15/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading Vol 000's	28,180	37,770	33,850	34,480	28,890	27,800	—	—	—	—

● Day's high 850.51 low 842.32

	July 27	July 20	July 13	Year ago (approx)
Ind. div. yield %	5.76	5.85	5.76	5.47

STANDARD AND POORS

	Aug. 3	Aug. 2	Aug. 1	July 31	July 30	July 27	1979 High	1979 Low	Since C'mpil'tn High	Since C'mpil'tn Low
‡Indust'ls	114.98	115.02	115.17	114.77	114.07	114.05	116.69 (9/1)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	104.04	104.10	104.17	103.81	103.15	103.10	104.47 (9/7)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Aug. 1	July 25	July 18	Year ago (approx)
Ind. div. yield %	5.22	5.34	5.32	4.76
Ind. P/E Ratio	8.07	7.99	7.87	9.78
Long Gov. Bond Yield	8.91	8.91	8.93	8.45

N.Y.S.E. ALL COMMON

Aug. 3	Aug. 2	Aug. 1	July 31	1979 High	1979 Low
59.33	59.35	59.36	59.14	59.36 (1/8)	53.88 (27/2)

Rises and Falls

	Aug. 3	Aug. 2	Aug. 1
Issues Traded	1,852	1,871	1,873
Rises	657	821	885
Falls	742	655	590
Unchanged	453	395	408
New Highs	70	130	105
New Lows	4	4	3

MONTREAL

	Aug. 3	Aug. 2	Aug. 1	July 31	1979 High	1979 Low
Industrial	259.85	262.26	262.24	265.67	279.18 (28/6)	219.19 (2/1)
Combined	261.28	262.56	262.48	265.32	275.15 (29/6)	225.80 (2/1)
TORONTO Composite	1557.8	1560.9	1558.1	1558.1	1618.8 (28/6)	1315.8 (2/1)
JOHANNESBURG Gold	286.5	287.3	286.8	291.4	308.4 (25/6)	228.4 (17/4)
Industrial	317.0	316.6	317.7	316.1	350.0 (25/6)	270.5 (2/1)

	Aug. 3	Previous	1979 High	1979 Low
Australia (¶)	593.07	593.82	597.68 (19/3)	546.72 (2/1)
Belgium (‖)	105.16	106.73	190.00 (5/7)	98.80 (3/1)
Denmark (**)	96.50	96.50	97.46 (25/7)	89.32 (8/1)
France (††)	87.2	86.5	87.3 (11/7)	71.5 (16/2)
Germany (‡‡)	765.7	763.8	830.6 (16/1)	719.4 (7/6)
Holland (§§)	75.4	74.9	85.9 (24/1)	71.3 (7/6)
Hong Kong (¶¶)	608.59	closed	624.40 (30/7)	493.23 (2/1)
Italy (‖‖)	82.81	83.55	83.74 (1/8)	66.32 (2/1)
Japan (a)	447.30	445.93	462.97 (31/1)	436.13 (13/7)
Singapore (b)	385.66	384.41	404.13 (28/5)	346.34 (23/2)
Spain (d)	95.82	94.08	111.06 (8/3)	91.42 (17/1)
Sweden (e)	351.00	350.69	401.34 (6/2)	336.86 (25/6)
Switzerl'd (f)	315.4	316.2	329.1 (2/5)	294.0 (3/1)

Indices and base dates (all base values 100 except NYSE All Common—50: Standards and Poors—10; and Toronto 300—1,000; the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. *a* Tokyo New SE 4/1/68. *b* Straits Times 1966. *c* Closed. *d* Madrid SE 29/12/78. *e* Stockholm Industrial 1/1/58. *f* Swiss Bank Corporation. *u* Unavailable.

FRIDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Bally Mfg.	436,100	40⅞	−1⅞
Exxon	403,900	54⅞	−⅛
CNA Financial	330,700	14	—
Beech Aircraft	318,300	29⅞	−⅛
Southern	296,700	13	—
Am. Tel. & Tel.	290,600	57⅞	−⅛
Tandycrafts	287,400	5⅜	+1
Texaco	280,500	28	+⅛
MGIC Investmt.	264,300	31⅞	−¾
IBM	261,300	68⅞	−¼

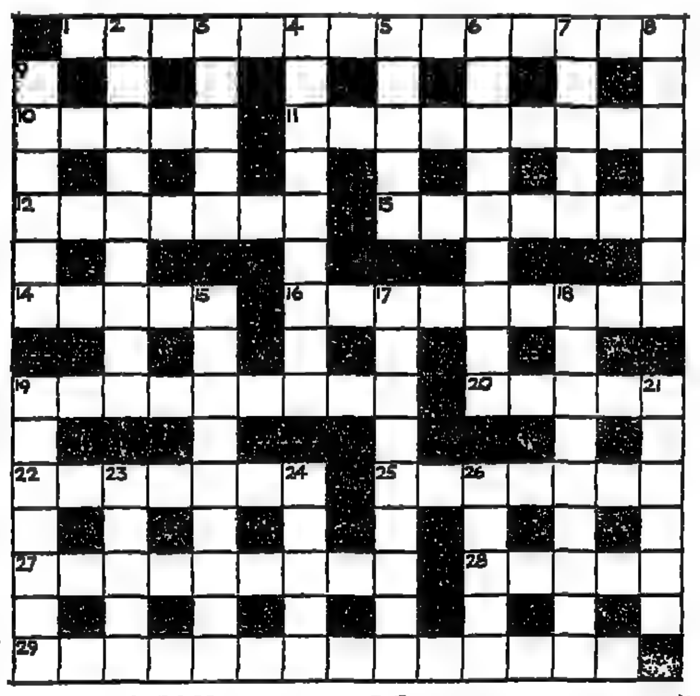
F.T. CROSSWORD PUZZLE No. 4,039

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....

....



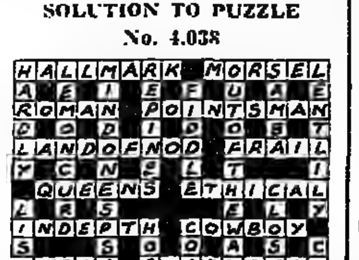
ACROSS

1 Toy weapons could provide a break on table (7, 7)
10 Grant for hostilities in this age (5)
11 At home it joins one friend at first (9)
12 Beginner coached at Victoria? (7)
13 Well sunk in sea by party (4, 3)
14 Blow the drink (5)
16 Decorate bride more strangely (9)
19 Mine plays for time in back seats (3, 6)
20 Boy in sixth row (5)
22 Uncle I'd somehow take in (7)
25 Stock company allowed one quarter full (7)
27 Follow directors let down by lorry driver (9)
28 Dismissed engineers as eccentric (5)
29 Indirect account of what the papers say (8, 6)

DOWN

2 In the saddle once more with good man facing . . . (2, 7)
3 . . . carriage with two Polish supporters! (5)
4 With pay increase over, chap will create a disturbance (5, 4)
5 Baby scolded about student (5)
6 Sound prohibition heard from backstage (6, 3)
7 Casts amorous eye on spirit upset by the French (5)
8 Scoundrel taking charge of Aunt Sally (7)
9 Stranded tot (4, 2)
15 Song in the charts seriously affected pain killer (3, 6)
17 Stands across most suitable bus journeys (9)
18 Peculiar form of speech rests on one third-rate logical argument (9)
19 Hint given by dog (7)
21 Footballer who stays fresh (6)
23 Creature honoured companion with a little mischief (5)
24 First woman to notice inside of duck (5)
26 Liable to be caught lying (5)

SOLUTION TO PUZZLE No. 4,038



SOLUTION AND WINNERS OF PUZZLE No. 4,033

Following are winners of last Saturday's prize puzzle:

Mrs B. Laughlan, 32 English Street, Craigneuk, Wishaw, Lanarkshire, Scotland.

Mr. W. S. Davin, "Horsebridge," Minsterley, Salop.

Mr. P. Worth, 21 Baas Hill Close, Broxbourne, Herts.

RACING — BY DOMINIC WIGAN

Doubts grow over Troy's syndication

SIR MICHAEL SOBELL and his son-in-law, Sir Arnold Weinstock—two of the staunchest supporters of the British racing and breeding industries—made it clear on Wednesday that they want Troy to stand at the Highclere stud of Lord Porchester from next year.

But if the response of breeders to the offer of 1/40th shares at a price of £180,000 is limited (as one must assume in even today's heady market) they could not be criticised, were they to re-assess their plans for the tremendous stallion prospect.

There is absolutely no doubt that Troy following remarkable victories in both the English and Irish Derbys, as well as the King George VI and Queen Elizabeth Diamond Stakes could be syndicated at a figure in the *region of $20m in the U.S. Even* with the dollar floating at around $2.2 to the pound, the gap is still enormous.

Mr. Robert Sangster has already stepped in for a share in Troy payable on the following terms £90,000 at the end of the first season; £45,000 in 1980; and another £45,000 in 1981—but who and (more to the point) how many are there in the position to follow the lead of Sangster and his syndicate.

I spoke to several breeders at Goodwood yesterday whose bloodstock operations vary from the modest to the sizeable and the general consensus was undoubtedly that the current trend of rocketing valuations associated with the most sought-after stallions could lead to many producers, who up until now have been in a position to profit by the patronage of top-grade sires, being forced into dropping out.

If their fears prove to be justified, a good many breeders seem likely either to resign themselves to the use of second-grade stallions for their mares or to the fact that it is better to simply shut up shop. The second alternative would, sadly, probably be the better bet.

The main Goodwood meeting yesterday produced its most inglorious day in my memory in terms of quality racing, but today's programme thankfully looks a little better. Although the 10-runner field for the Nassau Stakes does not appear to contain a filly of outstanding ability, there are some smart performers for the 1¼-mile event. My idea of the likely outcome is a victory for Connaught Bridge, of whom the best has not yet been seen. Thirty-five minutes earlier, Connaught Bridge's trainer and jockey, Henry Cecil and Joe Mercer, should have made another good start through the unbeaten Suavity in the Rous Memorial Stakes.

GOODWOOD
2.15—Suavity
2.50—Connaught Bridge**
3.20—Doogali*
3.50—Lucy Limelight
4.20—Botanist
4.50—Rivadon

NEWMARKET
1.30—Touch of Frost
2.00—Laki Lady
2.30—Another Signcentre
3.00—Mill Bank***
3.30—Base Camp
4.00—Bustilly
4.30—Hedingham Boy

THIRSK
1.45—Wahed
2.15—Jondale
2.45—Frankness

SPAIN ♥

August 3	Per cent.	
Asland	107	+1
Banco Bilbao	260	—
Banco Central	279	—
Banco Exterior	264	—
B. Granada (1,000)	134	—
Sniace	122 xd	—
Telefonica	67	−1
Union Elec.	64	+0.50

NEW YORK

CANADA

GERMANY ♦

TOKYO ¶

VIENNA

AUSTRALIA

SWITZERLAND ●

OSLO

PARIS

AMSTERDAM

BRUSSELS/LUXEMBOURG

STOCKHOLM

COPENHAGEN ♠

MILAN

JOHANNESBURG

Financial Rand U.S.$0.841 (Discount of 29¼%)

BRAZIL

Source Nikko Securities, Tokyo

هكذا من الأصل

Air New Zealand's profit cut

By Dai Hayward in Wellington

AIR NEW ZEALAND has reported a 6 per cent drop in profit to NZ$8m (US$8.2m) for the year to March 31, despite a 15 per cent jump in total revenue to NZ$388m (US$396m).

For the first time the figures include both domestic and international services following Air New Zealand's acquisition of the internal airline, National Airways, at the beginning of April 1978.

Commenting on the figures, Mr. C. W. Mace, chairman, said that while profit is low relative to total group sales and assets, "it is a good return in a year that included a merger, escalating fuel costs and an ever diminishing fare yield on international routes."

Revenue from international flights rose by 15.3 per cent to NZ$230m while domestic flights contributed NZ$4m to overall profits. Total passenger traffic increased by 15.2 per cent to give an average load factor on domestic services of 71 per cent and on international flights of 69.2 per cent.

Mr. Mace warned that with increased fuel and other costs continued profitability can only come from fare increases or greater productivity. "The new policies adopted by major aviation nations, particularly the United States with its new policy of de-regulation of capacity and fare levels, caused widespread disruption of long-standing practices," he said. "The end result has been new, low fares and restricted access to some markets for Air New Zealand."

Air New Zealand's cargo operations again increased with a rise of 9.2 per cent in cargo carried on international flights.

Although not one single defect was discovered in Air New Zealand's DC 10 fleet the enforced grounding proved costly.

Sharply increased deficit for Italian steelmaker

BY OUR FINANCIAL STAFF

A SHARP increase in losses is reported for 1978 by Finsider, the Italian state steel company. The consolidated deficit for the year is L581bn ($710m) compared with L501bn in 1977.

Losses at the parent company, Finsider SpA, rose dramatically with a figure of L390bn contrasting with L35bn. The result reflects weak demand and a massive financing burden, Sig. Alberto Capanna, the chairman, explained to the annual meeting.

Finsider is part of La Istituto per la Ricostruzione Industriale (IRI), the Italian state holding company, whose losses for 1978 totalled L1,067bn compared with L845bn in 1977. Steel, shipping and shipbuilding all contributed to IRI's deficit last year.

Finsider proposes to increase its capital to L2,500bn from L1,170bn, but Sig Capanna stressed that the company "needs a Government loan without any interest charges, of about L2,000bn." Finsider's debt service costs in the year totalled L762bn, or 15.1 per cent of turnover of L5,028bn.

Italian domestic demand dropped 6.3 per cent from the preceding year but exports showed some recovery. Finsider accounted for 53.4 per cent of total Italian steel output of 24.3m tons.

* * *

ITALIAN SAVINGS banks have agreed to increase from L105bn to L231bn ($282m) the capital of Italcasse, the troubled central banking institute grouping the country's savings banks.

The savings banks are also expected to guarantee Italcasse a further L420bn at a later stage for the institute's financial recovery. Italcasse faces the risk of having to write off some L700bn of credits granted by its former management.

The immediate object of the capital increase is to enable Italcasse to participate in the recently set up banking consortia for the salvage of the Societa Italiana Resine (SIR) and Liquichimica chemical groups. Italcasse is heavily exposed financially in both chemical companies.

The decision to increase Italcasse's capital follows a meeting called by the three special commissioners, appointed after the resignation two years ago of the institute's director-general, the late Sig. Giuseppe Arcaini.

The former management of Sig. Arcaini is now under judicial investigation for allegedly extending irregular loans, misdirecting funds and financing political parties. Italcasse, through the Italian savings banks, controls about a third of all deposits in the Italian banking system.

Dutch papermaker back to loss

BY CHARLES BATCHELOR IN AMSTERDAM

VAN GELDER, the Dutch paper manufacturer, is in the red once again. It has reported a loss for the six months to June 30 of Fl 23.8m ($11.9m) against a profit of Fl 5.9m in the corresponding period last year.

It made a profit of Fl 27.6m for the whole of 1978, its first positive contribution for three years. The renewed losses in 1979 were attributed by the company to higher cellulose prices, a very severe winter and production costs that were only partly offset by higher sales prices.

Turnover for the period dropped from Fl 412.6m to Fl 384.8m although this was partly due to the deconsolidation of activities which produced Fl 28.8m in sales last year.

Despite the relatively good level of demand for paper products the company expects to make a loss in the second half of the year. The company said it will continue to seek improvements by reorganising its activities.

In April, Van Gelder warned shareholders that it expected to make considerable losses this year. The U.S. papermaker Crown Zellerbach owns 50 per cent of the company.

* * *

HOLEC, the Dutch electrical engineering group, said it has acquired BTU Engineering Corporation of North Bellerica, the U.S. industrial ovens manufacturer, for $5.2m. The shareholders of BTU accepted Holec's offer of $8 in cash per share and the company is now a fully-owned subsidiary of Holec USA, Inc.

The merger of BTU with Holec's existing industrial oven-making activities will allow Holec to expand this part of its business throughout the world, it said.

Applied Data sees downturn

PRINCETON — Applied Data Research has cut its earnings projection for the full year to about $1.15 per share, down from $1.44 in 1978. The company had previously predicted a modest upturn in earnings for the year.

Due to poor first half results and the possible effects of the economic downturn, it has taken steps to reduce its rate of growth and expenses "to be more in line with ongoing revenues."

The company attributed the results to continued losses from its recently acquired Datacom division and to increased development expenses in its software products division.

Earlier, Applied Data reported second quarter earnings of 1 cent per share, down from 23 cents a year earlier, on revenues of $6.7m, up from $4.8m. For the half-year Applied Data earned 7 cents per share, down from 52 cents a year earlier, on revenues of $13m, up from $9.3m.

The company said that in the second half, revenues should be up by about 30 per cent from year-earlier levels.

Applied Data said that although Datacom lost money in the second quarter, it should be profitable in the second half.

Second half earnings should be about $1.08 per share, up about 20 per cent from the 1978 period.

Reuter

Bofors to receive more state cash

By Victor Kayfetz in Stockholm

THE SWEDISH Government is to lend SKr 50m ($12m) to Bofors. The loan tops up an amount of SKr 200m already in the pipeline and is earmarked for a new drop-forge works.

The loan will go towards a 14,000-tonne drop-forge at Karlskoga for production of truck axles and heavy crankshafts, chiefly for automotive manufacturers, beginning late in 1981.

In June the Government had agreed to a regional development loan of SKr 75m for the same purpose, while a state commission restructuring Sweden's special steels industry is lending SKr 125m.

The new unit will have an annual capacity of about 25,000 tonnes and is expected to compete mainly with West German steelmakers.

The drop-forge will cost about SKr 200m. Bofors describes the investment as a logical result of the many restructuring measures undertaken in the past six years, adding that together they "have created the preconditions for profitable operations at Kilsta in the long term. At the same time a large workplace in Karlskoga is retained."

Bofors-Kilsta, which will operate the new forge will not have to begin repaying the latest loan until the company begins to show a profit. Previously Bofors had tried unsuccessfully to engage Sumitomo Metals of Japan and the Swedish state holding company Statsfoeretag as partners in reorganising its forging operations.

Argaman doubles profit

By L. Daniel in Tel Aviv

ARGAMAN INDUSTRIES, which is among the largest of Israel's textiles companies and the major dyer and finisher of yarn and fabrics, doubled its consolidated net profits in the 1978-79 fiscal year to I£34.8m ($1.4m). Sales increased by 72 per cent to I£482.6m ($19.3m), of which I£135.2m was accounted for by exports.

The company proposes an unchanged gross cash dividend of 10 per cent and a one-for-one scrip issue (against one-for-five a year earlier).

$9bn shipments of new computer delayed by IBM

BY DAVID LASCELLES IN NEW YORK

IBM, the computer giant, yesterday announced that it will be delaying shipments of its new System-38 computers by six to nine months. Although the company would not say how many shipments were involved, System-38 is believed to have attracted a record number of first-delivery orders, possibly in excess of 30,000.

At an average cost of $300,000 per unit, the total delayed shipments would be worth $9bn. However, it was not immediately clear what the implications of this were for IBM's finances, and the company's shares dropped only 50 cents to $68⅞ on Wall Street yesterday afternoon.

Mr Sandy Garret, analyst at Paine Webber Mitchell Hutchins, the Wall Street investment firm, said that IBM might make up the delays by selling more of other computer models. He estimated that the net impact on IBM's earnings at 10-15 cents a share next year. IBM itself said the impact "will not be significant" in either 1979 or 1980.

According to IBM's announcement, additional time was needed to integrate and test the system's programming elements to achieve planned performance levels.

This means that customers who had originally hoped to get the machines this month will probably not see them until 1980.

Offer raised for Integon Group

BY OUR FINANCIAL STAFF

ANDERSON Clayton, the food and related products group, has increased its offer for Integon Corporation to $35 a share, putting a price tag of $217m on the group. The Board of Integon, a holding company with insurance, real estate and computer services subsidiaries, said that it will review the new offer, as will its acquisition committee. On Thursday, Integon's directors decided that acceptance of Anderson's previous offer of $32.50 a share would not be "in the best interests of Integon and its stockholders."

Integon's chief subsidiary is Integon Life Insurance which writes a substantial amount of decreasing term mortgage insurance as well as other lines of ordinary life, credit and group insurance, throughout 26 states in the South East and Mid-west of the U.S.

Earnings have been rising strongly with Integon Life making a 37.5 per cent gain in its own contribution to net income for Integon Corporation which totalled $14.1m or $1.68 a share. Life and health insurance traditionally contributes some 78 per cent of profits.

Texas-based Anderson Clayton, whose interests range through animal and poultry feed, soyabean products and foodstuffs, is expected to push earnings for 1979-80 ahead of the $3.25 per share estimated for the current year.

It already has insurance interests which contribute around 23 per cent to group profits. Ranger and Pan American group specialises in property and casualty insurance. Increased earnings from the insurance side has been predicted as part of the company's growth programme.

CIBC start system of daily interest accounting

BY VICTOR MACKIE IN OTTAWA

A FOURTH major chartered bank in Canada has announced the introduction of a new kind of account that earns interest on the closing daily balance.

The Canadian Imperial Bank of Commerce (CIBC) will calculate interest at an annual rate of 9.25 per cent and credit it to accounts on April 30 and October 31.

These terms copy those daily interest accounts announced earlier this week by the Bank of Montreal and the Bank of Nova Scotia.

The Toronto Dominion Bank will announce its own daily interest account on Tuesday to carry a 9.25 per cent annual interest rate.

The Royal Bank of Canada has also announced a daily interest account, but it will pay 8.5 per cent and credit interest to accounts at the end of each month.

The CIBC account is to be available on September 4 to customers at its 1,740 Canadian branches.

There are no limits on the number of withdrawals or transfers to other accounts.

All the major chartered banks in Canada continue to offer their normal "true savings" accounts and stress that the new daily interest accounts are not suitable for all their customers.

Fuji Photo moves ahead

TOKYO — Fuji Photo Film Company, the Japanese film maker, raised its consolidated net profit in the first half-year, ended April 20, by 8.3 per cent to Y9.87bn ($45.9m), from Y9.11bn in the same period last year.

Sales in the six month period increased by 6.8 per cent to Y165.30bn ($769m), from Y154.8bn.

Exports totalled Y38.83bn, down 2.8 per cent from Y39.95bn. Fuji Photo attributed the export decline mainly to the yen's appreciation.

Per-share profit in the period was Y32.7, compared with Y30.1 the year earlier.

AP-DJ

COMMODITIES REVIEW OF THE WEEK

Lead prices soar on London market

BY OUR COMMODITIES STAFF

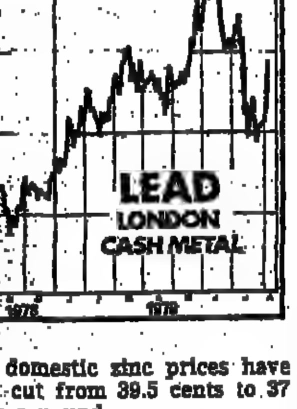
LEAD SOARED on the London Metal Exchange yesterday with cash price closing £56 up at £585 a tonne, £71 higher than a week ago.

Dealers said there was heavy trade buying by two companies, possibly on behalf of Communist bloc countries, and this triggered off covering of previous sales both by the trade and speculators. The upward trend was accelerated by stop-loss buying.

Yesterday's rise was the fourth consecutive daily increase in the market, which opened the week on a lower note following a rise in warehouse stocks.

It is felt that the recent fall in the market from a peak of over £700 may have been overdone, as supplies available to the market still remain relatively tight.

Zinc also gained ground on the Metal Exchange, despite a spate of cuts announced in official European and U.S. prices. The reduction in the European producer price from $845 to $780 a tonne, initiated by some leading smelters, has now been generally followed and in the U.S. domestic zinc prices have been cut from 39.5 cents to 37 cents a pound.



Copper prices rallied strongly with cash wirebars gaining £31.5 on the week to £843.5 a tonne. The upturn was encouraged by the decline in the value of sterling against the dollar, and further falls in warehouse stocks.

The London soft commodities market was chiefly characterised this week by a general upsurge on Tuesday in response to the sudden weakness of sterling.

After an initial fall encouraged by continuing mild weather in Brazil, coffee prices were boosted on Tuesday by sterling's fall, concern over supplies following reports that the Panama Canal was blocked, support buying on behalf of Latin American producers, and warnings that last month's cold weather may have set back Brazilian crop prospects.

The rise continued on Wednesday, influenced by news that Brazil had increased its coffee export taxes, but prices subsequently declined.

Tuesday's sterling decline triggered a technical recovery on the London cocoa market which lifted nearby prices by over £70 a tonne.

But the market's recent "bearish" mood was quickly resumed, possibly encouraged by disappointment at the failure of the latest round of international cocoa pact negotiations in Geneva.

Dealers thought the lower tone was also influenced by the announcement of higher-than-expected mid-crop purchases in Ghana. The Marketing Board said it purchased 5,882 tonnes in the first two weeks of the season against last year's final total of 8,126 tonnes.

Apart from currency factors world sugar values were boosted by more optimistic news on U.S. sugar legislation. The House of Representatives rules committee this week cleared the way for Congress to consider the Administration's sugar Bill after the summer recess.

The London daily price was raised by £5 to £97 a tonne. The rise followed reports of substantial Chinese purchases as well as buying tenders from several other countries.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1979 High	1979 Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MARKET REPORTS

BASE METALS

COPPER—Higher again on the London Metal Exchange. After opening firmer at £850, reflecting the strong overnight performance on Comex, forward metal eased back to £845 following forecasts of only a small decline in stocks. However, the market rallied to touch £855 following fresh buying before easing in the afternoon owing to profit-taking, to close the late kerb at £848. Turnover 17,550 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	844.5-5	+14	843-4	+15
3 months	853-4	+11.2	852-.5	+11.5
Settlem't	845	+14	—	......
Cathodes				
Cash	816-7	+12	814-5	+15
3 months	834.5-5	+11.2	821-.5	+11.5
Settlem't	817	+13	—	......
U.S. Smt.	—	......	*84-87½	......

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £852, 51, 52, 51.5, 52, 53, 52.5, 53, 53.5, 54. Cathodes, cash £815, 16, 17, three months £835. Kerb: Wirebars, three months £855, 54, 53, 54. Afternoon: Wirebars, three months £854, 53.5, 54, 53, 52, 52.5. Cathodes, three months £834. Kerb: Wirebars, three months £852, 53, 52, 52.5, 51, 50, 49, 48, 47, 48, 49, 48.

TIN—Barely changed in quiet trading. A fall in the Penang market saw forward metal marked down to £6,550 on the early pre-market but modest fresh buying pushed the price up to £6,590 on the late kerb. A backwardation was established despite forecasts of a rise in warehouse stocks. Turnover 1,480 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6580-90	—10	6600-20	—5
3 months	6580-95	—32.5	6630-45	—27.5
Settlem't	6590	—10	—	......
Standard				
Cash	6580-90	—10	6600-20	—5
3 months	6570-80	[illegible]	6590-600	—32.5
Settlem't	6590	—10	—	......
Straits E.	£$1900	—25	—	......
NewYork	—	......		......

Morning: Standard, three months £6,580. Afternoon: Standard, cash £6,590, three months £6,580, 90. Kerb: Standard, three months £6,590, 70, 90.

LEAD—Sharply higher in hectic trading as heavy trade buying, rumoured to be on behalf of East European interests, prompted stop-loss and chartist buying. Forward metal opened at £516 and quickly moved up to £532 on the early pre-market. In the morning rings and throughout the afternoon fresh buying pushed the price up to the day's high of £564.5 before profit-taking pared it to £553.5 on the late kerb. Turnover 22,000 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	560-2	+39.5	584-5	+56
3 months	546-7	+35	564-5	+49
S'ment	562	+40	—	......
U.S. Spot	—	......	*58-62	......

Morning: Cash £553, 52, 55, 58, mid-Oct. £538, three months £529, 31, 32, 37, 40, 39, 38, 40, 42, 44, 45, 46, 47. Kerb: Three months £543, 44. Afternoon: Three months £545, 47, 49, 50, 49, 52, 57, 58, 59, 60, 65, 62, 63, 62, 60, 62, 63, 65, 63, 64. Kerb: Three months £558, 57, 55, 56, 57, 56, 55, 54, 53, 52, 53, 54, 55, 54, 53.

ZINC—Marginally firmer in quiet trading with forward metal finally quoted at £319 on the late kerb, influenced by the strength of both copper and lead. Turnover 1,500 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	308-9	+8.25	309-.5	+2.25
3 months	319-.5	+7.75	319-.5	+.25
S'ment	309	+8	—	......
Prim w'st	—	......	*59.5	......

Morning: Three months £320, 18, 19, 18, 20, 19, 19.5. Kerb: Three months £320, 19. Afternoon: Three months £318, 20, 19.5. Kerb: Three months £319.5, 17, 18, 18.

ALUMINIUM—Marginally firmer, reflecting the rise in copper. After trading quietly in the low £670s throughout the morning, forward metal picked up in the afternoon to close the late kerb at £674.5 despite forecasts of a rise in stocks. Turnover 3,800 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	†+ or —
	£	£	£	£
Spot	674-5	-1	675-7	+3
3 months	671-2	+.5	671-2	+3

Morning: Three months £671, 72. Kerb: Three months £672. Afternoon: Three months £671, 70, 69.5, 70, 71. *Kerb: Three months £675, 74.*

NICKEL—Moved narrowly in dull and routine trading prior to closing the late kerb at £2,545. Turnover 108 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2500-10	+27.5	2495-515	+10
3 months	2560-70	+10	2565-70	+5

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Three months £2,580, 65. Afternoon: Three months £2,565, 60, 65, 67. Kerb: Three months £2,560, 50, 45.

SILVER

Silver was fixed 5.95p an ounce lower for spot delivery in the *London* bullion market yesterday at 395.55p. U.S. cent equivalents of the fixing levels were: Spot 900.2c, down 12.3c; three-month 916.5c, down 14.1c; six-month 934.9c, down 15.1c; and 12-month 968.2c, down 14.6c. The metal opened at 397-398p (903-905c) and closed at 397½-398½p (902-904c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	395.55p	-5.95	398.0p	+2.75
3 months	406.65p	-6.85	408.10p	+2.56
6 months	417.35p	-7.15	—	......
12months	436.15p	-6.65	—	......

LME—Turnover 153 (162) lots of 10,000 ozs. Morning: Three months 406.8, 6.5, 6.3, 6.7, 6.8. Kerbs: Three months 407. Afternoon: Three months 406.5, 6.2, 7.8, 8, 8.2. Kerbs: Three months 408, 7.5.

COCOA

Cocoa futures remained steady throughout a quiet day reflecting yet again a slightly weaker sterling, reported Gill and Duffus Ltd.

COCOA	Yesterday's Close	+ or —	Business Done
Sept	1372-1373	+11.0	1374-1348
Dec	1440-1442	+15.5	1442-1417
March	1489-1490	+14.0	1490-1468
May	1518-1520	+15.5	1512-1492
July	1538-1546	+15.0	—
Sep	1565-1569	+8.0	1568
Dec	1595-1601	+9.0	1590

Sales: 1,121 (1,659).

International Cocoa Organisation (U.S. cents per pound). Daily price: Aug. 2 140.16 (142.24). Indicator price for Aug. 3: 15-day average 144.29 (144.75); 22-day average 146.16 (146.88).

COFFEE

After opening £20-£25 lower, Robustas fluctuated in a narrow range throughout a featureless morning session, reported Drexel Burnham Lambert. For most of the afternoon values held steady but with general lack of incentive from a disappointing New York market volume, and activity remained very light and prices eased gradually on the close to finish £12 to £23 lower on the day.

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
September	1704-1705	—16.0	1725-1690
November	1714-1717	—18.0	1732-1705
January	1711-1714	—18.5	1730-1705
March	1672-1774	—12.5	1686-1664
May	1660-1664	—13.5	1668-1655
July	1648-1660	—15.0	1640-1655
Sept	1630-1680	—22.5	—

Sales: 2,273 (3,698).

ICS indicator prices for August 2 (cents per pound): Other Mild Arabicas 192.0 (195.0); Robustas ICA 1976 180.0 (18.50); ICA 1968 180.25 (180.75); Columbian Mild Arabicas 207.0 (same). Unwashed Arabicas 182.0 (same). Comp. daily ICA 1968 190.58 (181.25).

GRAINS

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Sept.	91.50	—0.05	86.60	—0.10
Nov.	95.55	....	90.70	—0.10
Jan.	99.90	....	95.15	—0.15
Mar.	103.30	....	98.75	—0.10
May	106.75	+0.05	101.95	—0.15

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2, 14 per cent, Aug. 92.00, Sept. 93.00, Oct. 94.50, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Aug.-Sept. 94.00, transhipment East Coast. EEC unquoted. Maize: U.S./French Aug. 107.00, Sept. 109.00, transhipment East Coast. S. African White unquoted. S. African Yellow Aug. 82.00 nominal. Barley: English Feed fob Oct.-Dec. 92.00, East Coast. Sorghum: U.S./Argentine unquoted. Oats: Scandinavian Feed unquoted.

HGCA—Location ex-farm spot prices. Feed barley: Norfolk 82.97, Devon 81.87.

The UK Monetary Coefficient for the week beginning Monday, August 6 is expected to decrease 1.00.

The market opened unchanged but moved slightly lower on continued hedge selling and losses of up to 15 points were registered on aggressive shipper selling. However, there was some short-covering noted and by the close losses of 10-15 points were registered in barley, and wheat closed between 5 higher and 5 lower, reported

Business done—Wheat: Sept. 91.50-91.35, Nov. 95.55-95.40, Jan. 99.90-99.80, March 103.30-103.15, May 106.80-106.80. Sales 178. Barley: Sept. 86.65-86.50, Nov. 90.80-90.65, Jan. 95.20-95.05, March 98.75-98.65, May 101.95-101.90. Sales 385.

RUBBER

The London physical market opened unchanged with very little interest throughout the day, closing on an uncertain note. Lewis and Peat reported a Malaysian godown price of 289.5 (285) cents a kilo (buyer, September).

No. 1 R.S.S.	Yesterd'ys Close	Previous Close	Business Done
Sept	57.35-57.80	58.00-58.25	—
Oct.	58.15-58.50	58.50-59.00	58.85-58.00
Oct-Dec	58.80-59.20	59.30-59.50	59.75-58.50
Jan-Mar	61.85-62.05	62.25-62.30	62.75-61.50
Apr-Jne	64.30-64.40	64.55-64.60	64.70-63.80
Jly-Sept	66.80-66.90	67.00-67.05	66.90-66.80
Oct-Dec	69.15-69.40	69.50-69.55	69.55
Jan-Mar	71.60-72.00	72.00-72.10	71.50
Apr-Jne	74.30-74.35	74.50-74.60	75.75

Sales: 151 (281) at 15 tonnes.

Physical closing prices (buyer) were: Spot 57.00p (57.25p); Sept. 62.25p (62.75p); Oct. 62.50p (63.25p).

SOYABEAN MEAL

The London market opened easier and drifted throughout the session, reported T. G. Roddicks. Quiet cash markets coupled with dull trading conditions closed the market £1-£1.50 lower.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
August	106.40-09.0	—1.45	107.80-06.50
October	115.50-15.5	—1.35	114.60-15.50
December	117.00-17.5	—1.40	118.00-17.00
February	119.30-19.5	—1.45	119.70-18.50
April	120.60-21.0	—1.70	—
June	122.00-24.0	—1.25	122.70
August	121.00-27.0	—2.0	—

Sales: 90 (58).

SUGAR

LONDON DAILY PRICE (raw sugar): £97.0 (£95.0) a tonne cif for Aug.-Sept. shipments. White sugar daily price was £101.0 (£100.50).

Opening prices were around overnight levels but the market quickly gained ground as buyers pressed in thin conditions. Gains of up to 150 points were recorded, but following the announcement of a snap tender for 6,000 tons by Belize half the gains were lost, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Oct.	105.80-05.95	104.95-05.00	105.50-04.00
Dec.	110.50-10.55	109.65-09.90	111.25-09.00
March	117.25-17.50	117.25-17.45	118.50-16.00
May	119.50-20.00	120.50-20.75	121.25-20.25
Aug.	124.50-25.00	124.75-25.00	—
Oct.	128.75-29.00	129.00-29.25	—

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.55 (same) a tonne for home trade and £166.0 (£165.0) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for Aug. 2: Daily price 8.38 (8.29); 15-day average 8.43 (8.46).

WHITE SUGAR—Close (in order buyer, seller, business, sales). Sept. 102.00, 103.25, 103.25-102.00, 119; Nov. 106.50, 107.50, nil, nil; Feb. 114.00, 115.00, 113.50, 5; April 119.00, 119.25, 117.50, 5; July 121.00, 123.75, nil, nil; Sept. 125.00, 129.00, nil, nil; Nov. 128.00, 134.00, nil, nil. Sales: 129.

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron contract: Oct. 406.0, 406.5, 408.5-406.0, 54; Dec. 416.0, 416.5, 420.0-413.5, 38; March 424.8, 425.0, 425.0-423.0, 90; May 424.8, 425.5, 425.5-425.0, 55; July 425.0, 426.5, 426.5-426.0, 16; Oct. 426.5, 427.0, 427.0-427.0, 2; Dec. 428.0, 429.0, 429.0-429.0, 5. Sales 310.

LONDON—Close (in order buyer, seller only). Oct. 218.0, 35.0; Dec. 218.0, 38.0; March/May/July, Oct. and Dec. all 228.0, 38.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller only). Oct. 181.0, 83.0; Dec. 181.0, 85.0; March 185.0, 89.0; May/July, Oct. and Dec. all 185.0, 91.0.

AMERICAN MARKETS

NEW YORK, August 3.

THE GENERAL psychology of the markets improved significantly. Gold and silver rallied for minor gains. The livestock complex rallied smartly for sizeable gains on stronger retail demand. Sugar closed for minor net gains despite speculative liquidation. Maize closed mixed on good exporter support while wheat and soyabeans ran into speculative liquidation. Cotton was fractionally lower with good trade buying and Commission House profit-taking. Cocoa continues to be in a trading range with a net advance on good commercial inquiry. Sugar maintains its strength for another net minor advance. Coffee closed slightly lower on a lack of buying. Copper was under pressure because of stronger indications of an economic recession, Heinold reported.

Cocoa—Sept. 132.00 (130.55), Dec. 138.15 (136.80), March 142.55, May 145.15, July 147.75, Sept. 150.50, Dec. 34.06.

Copper—Aug. 83.90 (84.85), Sept. 84.50 (86.15), Dec. 85.10, Jan. 85.20, March 85.60, May 85.80, July 86.00, Sept. 86.20, Dec. 86.40, Jan. 86.45, March 86.50, May 86.55, July nil.

Cotton—Oct. 62.76-62.80 (63.15), Dec. 63.90-64.00 (64.12), March 65.40-65.45, May 66.40, July 67.50-67.70, Oct. 67.60-67.90, Dec. 67.60-67.90, Jan. nil.

*Gold—Aug. 286.30 (286.00), Sept. 287.90 (288.00), Oct. 290.60, Dec. 295.80, Feb. 300.80, April 305.80, June 310.70, Aug. 315.40, Oct. 320.10, Dec. 324.80, Feb. 329.00, April 333.80.

Orange Juice—Sept. 106.60 (104.30), Nov. 104.20 (103.00), Jan. 103.70, March 104.40, May 104.95, July 105.40, Sept. 105.75, Nov. 106.00, Jan. 106.25.

Potatoes (round whites)—Nov. 65.1 (65.0), March 88.0 (85.5), April 10.35, May 12.51.

§Silver—Aug. 897.5 (893.1), Sept. 904.5 (900.5), Oct. 912.5, Dec. 926.9, Jan. 933.4, March 946.7, May 959.6, July 972.9, Sept. 986.0, Dec. 1005.0, Jan. 1011.6, March 1024.7, May 1037.9. Handy and Harman bullion spot 896.50 (897.00).

Tin—690.00-700.00 asked (695.00-705.00).

CHICAGO, August 3

Lard—Chicago loose 25.00 (same). New York prime steam unavailable.

Live Cattle—Aug. 58.55-58.70 (57.67-58.62), Oct. 57.90-57.80 (56.95-57.86), Dec. 59.60-59.65, Jan. 61.20, Feb. 62.25-62.00, April 64.37-64.25 asked, June 66.25, Aug. 65.30, Oct. 66.00, Dec. 68.00. Sales: 27,992.

Live Hogs—Aug. 34.05-34.85 (34.72-34.90), Oct. 32.20-32.27 (32.00-32.27), Dec. 33.15-33.05, Feb. 34.85-34.85, April 34.10-34.00, June 38.30, July 38.40, Aug. 37.30, Oct. 36.00. Sales: 4,470.

‡‡Maize—Sept. 279½-280¼ (278½), Dec. 277-278 (275¾), March 286½-287, May 291½-292, July 293, Sept. 288¼.

Pork Bellies—Aug. 29.60-29.50 (29.17-29.55), Feb. 39.00-38.75 (39.00-38.87), March 39.25-39.30, May 40.35, July 41.25, Aug. 40.25. Sales: 6,636.

Silver — Aug. 894.5-895.5 (887.6), Sept. 900.0 (893.9), Oct. 908.5-909.0, Dec. 920.0-924.5, Feb. 939.0, April 951.5, June 964.0, Aug. 977.0, Oct. 990.0, Dec. 1003.0, Feb. 1016.5, April 1030.0, June 1044.0, Aug. 1058.0, Oct. 1072.0, Dec. 1086.5, Feb. 1101.0, April 1116.0, June 1131.0, Aug. 1146.0.

‡Soyabeans—Aug. 714½-714 (721½), Sept. 717½-717 (720), Nov. 712½-714, Jan. 726-726½, March 738, May 746-747, July 750, Aug. 745.

||Soyabean Meal—Aug. 191.00-190.80 (191.20), Sept. 192.60-192.70 (193.10), Oct. 194.50-194.00, Dec. 195.80-195.60, Jan. 197.00, March 199.00-198.50, May 199.00-199.50, July 200.50-199.80, Aug. 201.00, Sept. 201.00-202.00.

Soyabean Oil—Aug. 27.20 (27.48), Sept. 26.70-26.65 (26.85), Oct. 26.40-26.30, Dec. 26.10-26.05, Jan. 26.10-26.05, March 26.10-26.15, May 26.15-26.20, July 26.20, Aug. 26.15-26.20, Sept. 26.15-26.20.

‡Wheat—Sept. 412-411 (414½), Dec. 422-423 (419¾), March 428, May 426, July 405-406, Sept. 410.

WINNIPEG, August 3. §Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 226.40 (227.40).

§Barley—Oct. 94.50 (95.80), Dec. 94.70 (94.50), March 95.80-95.90, May 96.00.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. § Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). §$Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

Thursday's closing prices

NEW YORK, August 2.

Cotton—No. 2: Oct. 63.15 (63.35), Dec. 64.10-64.15 (63.94), March 65.25, May 66.55-66.80, July 67.45-67.80, Oct. 67.30-68.00, Dec. 67.75-67.95, Jan. nil.

Cocoa—Sept. 130.55 (131.75), Dec. 130.80 (137.80), March 140.95, May 143.50, July 146.00, Sept. 148.75, Dec. 33.67.

Coffee—"C" Contract: Sept. 197.48 (201.53), Dec. 188.32 (192.82), March 185.33, May 185.12, July 182.00, Sept. 179.99, Dec. 177.00.

*Platinum—Aug. 363.00 (368.00), Sept. 382.00 (389.00), Oct. 380.10, Jan. 383.60, April 390.00, July 397.20, Oct. 403.30, Jan. 409.20.

Orange Juice—Sept. 104.90 (104.45), Nov. 103.00 (102.75), Jan. 102.90, March 103.60, May 104.25, July 104.80, Sept. 104.90, Nov. 105.10, Jan. 105.40.

Sugar—No. 11: Sept. 8.80 (8.63), Oct. 9.09 (8.91), Jan. 9.75, March 10.22, May 10.52, July 10.80, Sept. 11.13, Oct. 11.29.

INDICES

FINANCIAL TIMES

Aug. 3	Aug. 2	M'nth ago	Year ago
281.49	279.26	296.48	255.23

(Base: July 1, 1952=100)

MOODY'S

Aug. 3	Aug. 2	M'nth ago	Year ago
1056.0	1057.2	1095.2	914.9

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 3	Aug. 2	Month ago	Year ago
Spot	395.78	395.91	416.86	353.45
F'tur's	403.94	402.69	426.00	345.62

(Average 1924-25-26=100)

REUTERS

Aug. 3	Aug. 2	M'nth ago	Year ago
1541.9	1537.7	1600.1	1422.8

(Base: September 18, 1931=100)

Pints of growing popularity

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THERE SEEMS little doubt that 1979 is going to be a very good year indeed for lager. The combination of a fine summer—despite a late start—and the increase in disposable incomes could help push lager's penetration of the total beer market ever nearer the 30 per cent figure that even a decade ago would have seemed impossible.

In 1960 less than one half of one per cent of beer sales were accounted for by lager. By last year the market had grown at such a phenomenal rate that 27 per cent of all beer sold was lager. Put another way, more than one in four of all pints sold in the UK was lager beer.

Although some of the optimistic market forecasts of lager growth during the 1980s have now been revised downwards, there is little doubt that it will continue to capture an increasing share of the market. To many people in the industry the question is when—rather than whether—the UK will join the bulk of other countries where lager is the predominant beer drunk.

Yet such long-term optimism has not stopped the major lager producers from spending over £14m on advertising their particular brands—there is a choice of over 140—either in the Press, on posters and on television. Indeed it would be hard to ignore the degree of lager advertising during the peak summer months—although some market research suggests that advertising only makes consumers aware of lager in general rather than any particular brand.

One feature of the scramble by the brewers for a share of the growing lager market is the break-up this year of the long-established Harp lager consortium to allow both Courage and Scottish and Newcastle the chance to increase profitability on their own.

The boom in lager throughout the late 1960s and more especially the 1970s is all the more remarkable given that lager has been brewed in the UK since the last century. Records show that lager was brewed at Wrexham and Glasgow in the 1880s, and in the early 1900s lager brewing facilities were developed at Burton-on-Trent, Edinburgh, Alloa and London. In fact Thomas Lampray, Editor of the Brewers' Guardian, went so far as to suggest in 1881 that "there is a strong possibility that German lager will replace traditional ale in the next 20 years."

But for decades lager sales remained steady at around a half of 1 per cent and the image remained of lager as a Continental, pricey and somewhat effeminate drink. So what caused the lager boom?

The reasons are many and some of them complex—with the position even further complicated by the fact that the lager boom started much earlier in Scotland for apparently different reasons. Lager has quadrupled its share of the Scottish beer market from the 11 per cent it held in 1966. The most commonly stated reason for this is that lager is a better chaser with whisky than the traditional heavy Scottish beers.

Scotland's early liking for lager is even more surprising when considering the two main reasons for its popularity in the much larger drinks market south of the Border. These reasons are sunny weather and economic prosperity—and Scotland is not particularly noted for either its sunshine or its economic wealth (before the current oil boom). Fine weather is universally regarded in the industry as good for all beer sales and especially for lager, which consumers see as a refreshing cool drink, less bitter than other beers and not so likely to cause a hangover.

Apart from 1977 the UK has enjoyed a succession of fine summers throughout the 1970s, culminating in the exceptionally hot weather in 1976 when demand for all beers, especially lager, reached record levels.

But the weather is obviously not the only factor, since this influences all beer and drink sales not just lager. Stockbrokers W. Greenwell and Co. suggest that the level of personal disposable income has as much to do with demand as has the weather. In 1973, it is pointed out, real income rose by over 6 per cent, and despite a poor summer lager sales rose by 34 per cent.

But although the weather and personal spending power are obviously the key determinants, there were several other reasons for lager's growth in the 70s.

Increasing affluence led more people to travel abroad, where lager is the main beer sold. Thus consumers who had tasted Continental lagers were more willing to recapture the experience in their local pub at home.

Moreover the 1970s have seen more women and young people becoming regular drinkers. For both groups, lager has provided an acceptable alternative to traditional English beers.

Lager represented a break from established beer drinking patterns and was in line with the world-wide trend in the drinks markets towards light, clean, relatively bland products at the expense of darker and heavier drinks. This is shown by the upsurge in demand for white wine, vodka and white rum.

Mr. Joe Walker, a specialist marketing director with Whitbread, points out a parallel in the rapid consumer switch from plain to filter-tipped cigarettes. The latter like lager, successfully overcame a "non-manly" consumer image.

The high level of advertising by companies anxious to capture a share of the market has undoubtedly helped push up sales overall. Not all advertising, however, may be of benefit to the individual advertiser. Stockbrokers Buckmaster and Moore suggest, from analysis of market research, that "a consumer, seeing an advertisement for a particular lager, is more likely, if there is any reaction, to be made aware of lager rather than the brand mentioned."

Yet Mr. Edward Guinness, chairman of Harp Lager, also suggests another reason for the lager boom. "Perhaps the simplest answer is that there is a growing number of people who actually prefer the taste of lager," he says.

He points out that there are very distinctive and important differences between lager and traditional English ales. "Lager is the German word for storage," he says, "and it is the length of time for which the beer is matured that is one of the basic differences between British ale and lager." Two other factors, he suggests, are the type of yeast used and the method of fermentation.

The growth in lager has also gone hand-in-hand with the development of the take-home drinks market in the 1970s. The greater availability of lager in supermarkets and off-licences has helped boost sales—as has the fact that draught lager is now available in virtually every pub and on-licensed outlet in the UK.

One of the key marketing questions over the next few years will be what effect the break-up of the Harp consortium will have on the market.

Although generally agreed market share estimates are difficult to find, it is estimated by some that Bass Charrington is the market leader with about 28 per cent of sales split between Carling Black Label and Tennents. This is followed by the Harp consortium with some 22 per cent of the market. Next comes Allied Breweries with Skol, Whitbread with Heineken and then Carlsberg and the rest.

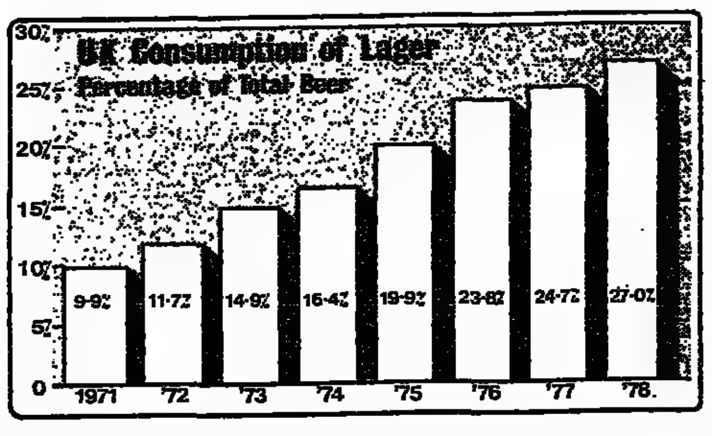
The restructuring of the Harp consortium will see Guinness taking the major shareholding — after having previously held an equal share with Courage and S & N — with Greene King and the Wolverhampton and Dudley breweries the minority shareholders. But with both Courage and S & N now free to put their full resources behind their own lagers, the market seems set for some fierce competition.

There are suggestions that the lager brewers may have to respond to consumers' demand for stronger—and more expensive—lagers. As Mr. Colin Mitchell of Buckmaster and Moore points out: "Increases in lager gravities are unlikely to be passed on to the consumer in higher prices because of competitive pressures, and thus there could be an erosion of margins."

But the question most lager producers want answered is the probable rate of growth for lager in the next two decades. A few years ago the growth forecasts were extremely optimistic, with lager taking over half the total beer market by the early 1980s and up to three-quarters by the 1990s.

There has been a general scaling-down of these forecasts, however, with a more conservative view that lager will capture some 35 per cent of total beer sales by the mid-1980s, with a longer term target of some 40 to 45 per cent.

Although the optimism of the past few years may have been misplaced, most industry experts looking in their own particular crystal balls see no reason for any real pessimism.



The graph shows how lager has captured an increasing share of an otherwise relatively static UK beer market. It accounted last year for more than one in every four pints downed

The brewers and their brands

BY JAMES FRENCH

NEW BRANDS of lager seem to be foaming on to the market at too fast a rate for a drinker's taste buds to discern the difference between the flavours. I was careful to use the neutral word drinker, and not the expression "the drinking man," for one of the major factors in lager's capture of such a substantial share of the beer market is its acceptability to women.

Of the more than 140 brands of lager available in Britain, 85 are brewed here. Those imported account for less than 8 per cent of the lager market, and between 1.8 and 2 per cent of the beer market.

Britain is drinking 3bn pints of lager a year. One interesting difference between the home product and overseas lager is that three-quarters of British lager is draught, whereas the general pattern abroad is for two-thirds of the lager to be sold in bottles and cans. Even the Belgians and Australians have been weaned from draught to container beer. Not surprisingly, the society attributes this piece of British chauvinism to the tradition and popularity of the British pub.

Yet home drinking is having a major effect on the British lager trade. In 1960, when lager accounted for barely ½ per cent of British beer sales, it was enough for a brewer to run one standard brand of lager; indeed many did not bother then to sell one.

Now, with lager commanding 27 per cent of beer sales according to the Brewers' Society—and different brewers have their own variations of that statistic—the industry is preparing for an advance to 35 per cent within the next decade—and is complicating things for the lager drinker by increasing the choices, and by introducing more brands for the take-home market.

The two main prongs of diversification are in the premium sector and in the light—or as much of the trade will have it, the "lite" range. The growth in the premium sector represents the lager drinker's willingness to pay more for a stronger, more "Continental" lager.

Originally a taste for lager did represent a taste for a more exotic beer, and was a by product of the explosion of Continental holidays for the masses. But, with British brewers having successfully assimilated lager as a home product, and having changed the taste of drinkers—and having persuaded them to take their beer chilled—we are clearly very much in the second phase of Europeanisation.

I seem to remember, with the introduction of the breathalyser test for drivers, the introduction of a few low-gravity "lagers" guaranteed to bloat the bladder, if one could last the course, hours before the merest soupcon of green might appear in the crystals.

But now the accent is on producing a flavoursome drink, not lacking in alcohol, that is not too much of a handicap for the weight-watcher.

The British lager drinker has almost an embarrassment of choice—and the range is expanding. Home-brewed lagers include beers produced under licence from, or according to a formula from, Belgium, Canada, Denmark, France, West Germany, Jamaica, Holland, Switzerland and the U.S. And the 800,000 barrels of lager imported annually come not only from those countries, but also from Australia, Brazil, Luxembourg, Czechoslovakia, New Zealand, Norway, Poland, Singapore and Spain.

Consider the problem facing the lager drinker who favours his Allied Breweries local. He might well have to make up his mind about selecting any one of the following: Lowenbrau brewed in Britain, Lowenbrau draught export, light special, or diet pils, brewed in that estimable beer centre, Munich; Oranjeboom, brewed in Holland; or Skol, Skol special strength, or Arctic Lite, all brewed in Britain, at one of four breweries, including Wrexham, said to be the first lager brewery in Britain. It was established by a Bavarian kellermeister in 1881.

Or what about the plight of the drinker who buys his lager at a Whitbread off-licence. Until recently his choice was between Heineken, imported from Holland at special export strength, in half-pint bottles only, or in the standard version brewed in this country, in various-capacity bottles and cans, or the stronger Belgian-formula premium lager, Stella Lager.

But in May Whitbread brought in Heldenbrau—German for brew of heroes—produced at the modern Samlesbury brewery near Preston, Lancashire, and aimed at the take-home trade, of which the group claims to hold 40 per cent of the market, and a lead of 25 per cent over the nearest competitor.

Extensive market research convinced Whitbread that there was a niche for a new product—perhaps it will sell in places the other lagers do not reach—and they are backing it with a £2m advertising and promotion campaign. Research, too, confirmed that Britain's lager drinkers associate quality with German-style names, hence Heldenbräu.

A layman, if not a lagerman, might have thought enough was enough, but in the Southern Television area Whitbread is now test-marketing Kaltenberg, a premium beer that slots between Heineken and Stella. It is produced in this country under the supervision of Bavarian expertise, but is also available in royal diat pils, and royal pilsener versions.

The name Pilsener, sometimes spelled without the first "e," testifies to the Czechs' early predominance in brewing—Good King Wenceslas granted the burghers of Pilsen the right to brew their own beer in 1295, and Pilsner Urquell, which was there at the start, is still going strong and exporting to 86 countries.

The company claims that it is the pure local water, with the right balance of zinc, iron, and other natural elements, that gives it is distinctive taste.

Spearhead of lite lager sales in Britain is and was Bass's Hemeling (which is Flemish for heavenly). It was introduced in 1976 in bottles and cans, and became available on draught in April 1977, and Bass says it is the only lite lager nationally available.

"We are still installing it in pubs and clubs as fast as we can cope," says the company, whose range also includes Carling, which it says is the top selling lager in England and Wales; Tennent's, Scotland's best-seller, Tuborg, in different strengths (all these brewed in the UK); and Lamot Pilsor, a premium lager imported from Belgium.

Britain's biggest lager brewery is Carlsberg's at Northampton, which produces 3m barrels a year in Pilsener, Hof, De Luxe, and Special Brew strengths. The company is associated with Watney, Mann and Truman. In Denmark, Carlsberg and Tuborg are United Breweries, but in Britain they operate as two distinct operations.

As brands proliferate and the pattern of strengths and flavours diversifies, one wonders whether keen connoisseurs will do for lagers what real ale enthusiasts have achieved for their tipple.

LAGER II

FT REPORT

Boom in take-home sales

BY DAVID CHURCHILL

THERE CAN be little doubt of the close inter-relations between the rapid rise in lager sales and the booming take-home drinks market. Both are phenomena of the 1970s.

But which is the more important is hard to determine. Has the boom in drinks to take home been a major cause of the soaring lager sales—or is it the demand for lager that has boosted take-home sales?

Not surprisingly, the answer is probably a mixture of both. The rise in both sectors of the market has been the result of a variety of factors, but the popularity of lager and take-home drinks has had a mutually reinforcing effect.

Take-home beer sales have risen from 8 per cent to 12 per cent of the total beer market in three years—and market estimates suggest that by the early 1980s take-home beer will have a 20 per cent share.

Of this market, however, lager is now estimated to have some 45 per cent of sales and some forecasters—but not all—expect this share to grow to 60 per cent by the mid-1980s. Stockbrokers Buckmaster and Moore are among those who feel that the scope for increased market penetration by lager "may be diminished."

The rapid growth of consumer preference for drinks in the home—although it must be acknowledged that the traditional public house still remains the most popular place for a drink, even though its popularity is falling—has arisen for a number of reasons.

The key factor, however, has probably been the increasingly easy accessibility of drink in supermarkets. As most consumers show at least once a week in a supermarket, it has become relatively easier to add a few cans of lager or a bottle of wine to a loaded trolley rather than make a special trip to an off-licence.

The AGB research company has shown that in the rapidly growing wine trade off-licences account for only 40 per cent of sales, while the multiple and independent grocers, co-operative stores and other High Street stores account for at least 52 per cent.

Other trade surveys show that in the total take-home market, including wines, beers and spirits, off-licences account for approximately 60 per cent of sales, with supermarkets and other multiples accounting for the remaining 40 per cent.

However, the take-home market is growing so fast that some estimates suggest that the supermarkets may now be more equally split with specialist off-licences and share the take-home market.

A recent attitude survey, carried out by the Stats MR company, found that 57 per cent of consumers said they went most often to a supermarket to buy take-home drinks, with 33 per cent going to an off-licence.

Tesco was the most frequently cited choice for buying drinks—mentioned by one in every four of the survey—followed by the Co-ops (22 per cent) and J. Sainsbury (18 per cent) and then by a specialist off-licence chain, Victoria Wine.

Mr. James Duggan, Tesco's wines and spirits buying director, has pointed out that only little more than a decade ago the notion of selling wines, spirits and beer over the supermarket counter was virtually unknown.

"In certain quarters," he adds, "the idea was completely taboo and as late as 1967, when Tesco began to examine the prospects for the market, only seven out of the 800 stores we had then held a licence and total turnover was no more than £150,000 a year."

Yet nowadays, he points out, Tesco's take-home business "is one of the most dynamic and rapidly growing sectors on the company's books." Tesco's beer sales, for example, have been estimated at well over £30m a year.

Another factor in the growth of take-home sales is the more widespread acceptance of canned beers. Beer is consumed at home mainly from cans, with a small proportion drunk from non-returnable bottles. But while there are still substantial sales of beers in returnable bottles sold over the counter from pubs, their popularity has been on the wane for several years.

However, the recent introduction of so-called widemouth bottles (bottles which have a wide neck to drink or pour from) is proving popular with supermarket shoppers.

The preference for take-home drinks is also influenced by the economic position. People may prefer to drink at home because they can buy their drink cheaper in a supermarket than at a pub. Alternatively, a rising standard of living enables people to buy more drink specially to consume at home.

The big brewers dominate the take-home market since they have better marketing resources and production facilities such as canning lines. The main move among the brewers in recent years has been Bass' recovery from its under-representation in the take-home market. Subsequently, Bass set up a separate organisation to take advantage of the take-home trade and it means that it now runs neck-and-neck with Allied Breweries for the largest stake in the market.

Mr. Stephen Digby, managing director of Bass Sales, says the company now has "a sales philosophy similar to that of any efficient supplier of packaged goods and we have a portfolio developed to meet the main growth areas of the take-home market—with eight leading lager brands alone."

However, the take home sales boom has not been without its problems for both the drink producers and the consumer.

Brewers and other drink producers are finding that the fierce competition between supermarkets means that their profit margins have been cut right back; profitability of beer sales through supermarkets is far lower for the brewer than sales through a public house.

Buckmaster and Moore have estimated that assuming current margins in take-home and pub sales are unchanged, the changing pattern of sales by type of outlet could lead to an 8 per cent drop in margins and the forecast 22 per cent increase in sales might translate into only a 12 per cent rise in profits in real terms.

The other main problem concerns the accessibility of drink in supermarkets, which is suggested by some to be one of the main reasons for the sharp rise in alcoholism, especially among housewives, in recent years. Increased social concern over the spread of alcoholism—and the need for drink producers to secure higher margins—may eventually take some of the shine off the take-home boom.

Drive to reduce energy costs

BY PAUL TAYLOR

INCREASING FUEL costs have added a further impetus to attempts by all brewers to reduce energy wastage, while the industry's competitive nature serves as a continuing incentive to improve the efficiency and utilisation of its plant.

Within the industry the phenomenal growth in the demand for lager has itself led to large and rapid investment programmes among the UK's big brewers and, to a lesser extent, among the smaller independent companies. Although lager has been brewed in Britain since 1882 when a group of Germans opened a brewery in Wrexham, now owned by Allied Breweries, it is in only the last 15 years that lager consumption in Britain has shown real growth.

As a result more than 80 different lagers are now brewed in Britain and lager consumption accounts for about 27 per cent of the total amount of beer consumed in the UK.

The industry has not been slow to encourage this trend towards drinking lager, or to take part in development of the lager market. Indeed, some observers now suggest that there is some over-capacity in the industry although this is strongly rejected by the Brewers' Society.

Investment in productive and distribution equipment in the brewing industry as a whole is running at about £200m a year in addition to a further £200m a year spent on developing retail outlets.

New plant capable of producing lager remains a high investment priority for brewers despite suggestions that the growth in lager consumption may slow in the 1980s.

Some indication of the level and importance attached to investment in lager capacity is given by examining the restructuring of the Harp consortium, announced in April.

Under the new arrangements Guinness will increase its shareholding in the new consortium to 70 per cent with Greene King, the East Anglian brewer, paying £1.1m to increase its stake from 2 per cent to 20 per cent and Wolverhampton and Dudley Breweries increasing its shareholding from 2 per cent to 10 per cent.

Bass Charrington, one of the original partners in the Harp consortium before it sold its 5 per cent stake to Courage and Scottish and Newcastle, is acquiring the Alton lager brewery in Hampshire from the consortium. This move, together with acquisition of packaging plant and a new investment in kegging plant, is expected to cost about £17m at current prices by 1982.

If, as has been claimed by the brewers, political intervention in the industry caused uncertainty over future investment plans then the advent of the country's new administration should lead to an increase in business confidence and perhaps additional investment.

However, the return on capital invested in the industry at present remains poor. Sir Derrick Holden-Brown, chairman of the Brewer's Society, suggests that the rate of return averages about 13 per cent and in some cases is no more than 9 per cent. Some observers suggest that the average rate of return is closer to the 9 per cent figure than 13 per cent.

The need to improve the rate of return on capital, coupled with concern over the impact of higher energy costs, is an incentive to improve plant utilisation and adopt technological developments where the capital cost can be offset clearly against improved efficiency and, in some cases, lower manpower and maintenance costs. Within the industry this is nowhere more true than in lager production since the process itself requires longer storage times and, therefore, greater capital costs.

Throughout the whole process of lager brewing, from malting to bottling, the drive therefore is to reduce energy costs and production time while improving plant utilisation and maintaining the quality of the product.

At the malting stage brewers increasingly are using a mill to knock off a little of the husk, so enabling malting times to be reduced from, say, seven to six days.

In contrast to ales, lager malt can also be kilned at a lower temperature and higher moisture level, leading to further energy savings over the traditional brewing process.

In the brewhouse itself mash filters and lauter tons are being introduced, leading to significant increases in the number of brews which can be achieved in a day. By speeding the filtering process, 12 brews a day are being achieved instead of two.

Temperature control and energy utilisation are the key elements in the design of the wort kettle. Companies like Robert Morton DG, part of the Lindustries engineering group, have introduced systems enabling the wort temperature to be raised to 103 or 104 deg. C leading to shorter boiling times and—by using steam condensers and heat exchangers—to energy savings by using the steam to reheat cold water. RMDG claims that such systems can achieve 80 per cent heat efficiency.

The industry is examining pressurised steam systems for the future which, because of their higher operating temperatures of up to 140 deg. C, can further reduce process times and, through heat recycling, lead to even greater energy savings.

Because of the high capital outlay it is not likely that such advanced copper systems will replace conventional systems in the short term. However, brewers will look closely at the potential savings where new plant is being installed. Although high-pressure systems were developed some years ago, there are indications that the higher energy prices are acting as a catalyst for further development.

Throughout the whole brewing process increasing emphasis is also being placed on recycling water and sludge. Centrifuges for separating out suspended matter have been replaced by whirlpools operating on much the same principle as that witnessed when a cup of tea is stirred and the tea leaves sink to the bottom in a cone. The wort is pumped into the whirlpool at a tangent to the side, so avoiding the need for any mechanical system for rotating the vessel itself or stirring the wort.

Perhaps the most significant development in lager equipment has been the introduction of cylindrio - conical fermenting vessels, replacing the traditional square or horizontal ones.

Since lager production involves bottom fermentation using yeasts which sink to the bottom of the vessel rather than rise to the surface, the cylindrio-conical vessel allows the yeast to be separated out from the bottom.

In the interests of energy conservation these new vessels are now being built outside the main building, which reduces the need for cooling equipment and avoids unnecessary cooling of the brewery itself.

Each vessel can be fitted with an individual heat exchanger and they are now being built with a capacity of up to 2,500 barrels instead of the 500 barrel size used 10 years ago.

Since lager production is dependent upon long storage times at low temperatures it was originally thought necessary to have about six storage containers for every fermentation vessel—based on a six-week storage time. The emphasis now is on reducing the length of storage time and making better use of plant.

To achieve better plant utilisation cylindrio conicals are increasingly built to perform the dual functions of fermentation vessel and maturation vessel. In addition many are now fitted with automated cleaning systems which reduces manpower and possible health and safety hazards.

To increase effective storage volume Allied Breweries developed a patented foam suppressant which is now widely used throughout the industry, and the company is also closely watching experiments designed to breed barleys which are free from the chemicals which destabilise the lager.

Automation and computer control of sections of the brewing process are not new to the industry. However, the trend is towards greater automation when the capital cost is justified by lower running costs.

At the end of the production process developments in the bottling and canning side of the brewing industry include high-speed bottling and canning lines.

Rockware Glass of Northampton has produced the widemouth bottle to compete directly with the ring-pull can and also supplies a range of bottling machines capable of matching the output and economies of high-speed canning lines. Rockware claims that the twin-lane mechanism enables filling speeds of up to 2,000 bottles per minute.

The expanding range of machinery and equipment available to the brewing industry will be on show at BREWEX '80—the International Brewing, Bottling and Allied Trade Exhibition at the National Exhibition Centre in Birmingham next March.

Ministry discussions over spending cuts

BY CHRISTOPHER PARKES

OFFICIALS AT the Ministry of Agriculture have started talks with staff representatives on how best to fulfil Cabinet instructions to cut spending in the department by 10 to 20 per cent.

Mr. Peter Walker, the Minister responsible, is expected to aim at a 10 per cent reduction in spending this year and has promised to announce cuts for the New Year when Parliament reassembles in October.

The payroll this year has already been cut by 3 per cent after the ban on new recruitment.

This year's budget is a relatively modest £644m when compared with UK agricultural output worth about £7bn anually.

About a quarter of Ministry spending goes on capital grants to help farmers re-equip their holdings. The Agricultural Development and Advisory Service, ADAS, with a budget of about £200 a year for every farmer in the country is another area which could be investigated.

Mr. Walker, however, has stressed repeatedly since taking office that he regards ADAS services as essential for the well-being of the industry. It is possible, however, that running costs could be reduced by charging farmers' more for help and advice.

The Ministry also operates a chain of husbandry farms which are run, embarrassingly, at a loss.

Staff representatives said yesterday that cuts of 10 per cent could probably be absorbed without too much damage, but reductions of 15 to 20 per cent would inevitably bite into farmer's benefits.

Cuts on that scale could not be managed without some losses in the advisory services.

Pension funds fail to match All-Share index

BY ERIC SHORT

ONLY 11 pension equity funds out of 64 have so far managed to outperform the FT-Actuaries All Share index this year, according to the latest survey of pension fund performance made by Harris Graham and Partners, a leading firm of employee benefit consultants.

These tables, based on values at June 30, 1979, showed that the All-Share index with income reinvested had risen by 15.5 per cent over the period. Only 11 funds had a higher unit price increase over the first half of the year, the average increase of all equity funds being 10.1 per cent.

The top performing equity funds this year have been those investing in the smaller and medium sied companies. First place goes to G.T. Pension exempt fund with a rise of 45.8 per cent. This company has a high proportion of its portfolio in smaller and medium UK companies. Next comes Keyser Ullmann Small Companies with a rise of 24.3 per cent, Henderson Small Companies (23.2 per cent) and Allied Hambro Smaller Companies (23.1 per cent).

Overseas based equity funds have so far performed very poorly this year, with 13 funds showing a negative return over the period. London Far East fund has a unit price fall of 24.5 per cent.

Fixed interest and property pension funds showed much more stability in their overall performance over the period. Fixed interest funds had an average rise of 9.6 per cent, with the best fund rising 15.1 per cent and the poorest by 5.5 per cent. The FT-Actuaries All Stocks gilts index had a rise of 8.4 per cent.

Property funds had an average increase of 10.9 per cent, with a top performance showing a jump of 16.8 per cent, while the bottom fund managed an increase of 4.1 per cent.

The performance of mixed funds, where the financial institution decides on the blend between the various investment media, showed an average rise of 10.2 per cent. This comfortably exceeded the rises over the period in both National Average Earnings and the Retail Price Index. The main objective of pension fund investment management is to at least match inflation.

Performance over first half 1979

Equity funds	Change %	Fixed-interest funds	Change %
Top	+45.8	Top	+15.1
Average	+10.-	Average	+ 9.6
Bottom	−24.5	Bottom	+ 5.5
FT-A All share	+15.5	FT-A All Stocks gilts	+ 8.4
Property funds		*Mixed funds*	
Top	+16.8	Top	+15.8
Average	+10.1	Average	+10.2
Bottom	+ 4.1	Bottom	+ 6.8

Domestic machine tool orders fall by 11%

DOMESTIC ORDERS for machine tools continued to drop in the first four months of this year, according to figures published in the official journal, *Trade and Industry*.

But while domestic orders fell by more than 11 per cent over the previous period, new export orders have picked up and risen by more than 14 per cent.

The Department of Industry, which collects the figures, said that new export orders had suffered a set-back between November, 1978, and January, 1979, but had recovered and had been strongly upward since.

Total sales of machine tools, which have been virtually flat for the last two years, rose 12 per cent over the January-April period. Home sales made the greatest recovery and rose by 14 per cent.

Expel any Pretoria radar trainees, Allaun urges

MR. FRANK ALLAUN, chairman of the Labour Party, called on the Foreign Office yesterday to return home any South African defence personnel who may be undergoing training in Britain on the use of radar equipment.

Mr. Allaun has lodged a series of questions with Sir Ian Gilmour, Lord Privy Seal, after the disclosure of the sale to South Africa of an air traffic control radar system for which the export licence was granted by the former Labour Government.

He has asked whether South African personnel are working at Plessey in Britain and, if so, at which factory.

Mr. Allaun has also asked the Foreign Office to accept his request that such personnel should be sent back to South Africa and has called for the export licence to be frozen pending further investigations.

"The Foreign Office has agreed to look into the whole matter," he said. "The contract is, I understand, not with the South African Post Office but with their Defence Ministry. It is obvious that this radar system could and would be used for military purposes.

"No equipment which could be used for military purposes should be sent to South Africa. The report that South African personnel are being trained in Britain is a new development."

Referring to the deal itself, Mr. Allaun added: "I raised the matter at the time and, in my view, the Labour and Conservative Governments are both to blame."

UK-Canada transfer tax understanding

A NEW understanding has been reached by the British and Canadian Governments on the effect of the former Canadian death duties double taxation agreement on UK capital transfer tax.

Mr. Peter Rees, Treasury Minister of State, stated: "The main practical effect will be that the capital transfer tax charge on the estates of individuals domiciled at the time of their death under general law in Canada but deemed to be domiciled in the UK under the provisions of Section 45 of the Finance Act, 1975, will on death, be restricted to property situated in the UK."

Clothing company in £1m Ulster expansion

BY OUR BELFAST CORRESPONDENT

THE U.S.-OWNED clothing and hosiery company, VF Corporation (UK), has announced a £1m expansion.

The expansion includes a computerised marking and cutting plant at Newtownards, near Belfast, to service its Lee jeans division. New administrative offices, a central laundry and pressing unit are also planned for Newtownards. VF has three plants in Ulster, one at Greenock in Scotland, and is planning a new factory in the Irish Republic.

BR orders new Avon airspring

A DIAPHRAGM airspring specially developed by Avon Industrial Polymers (Bradford) part of the Avon Rubber Group, will be fitted to British Rail's passenger coaches.

BR's order for more than 500 of the airsprings is seen as a breakthrough in Avon's railway components business. The airsprings will be fitted to coaches similar to those used on BR's suburban lines in London, Liverpool and Glasgow.

SINGAPORE

Aug. 3	$	Aug. 3	$
Industrials		Straits Trdg	6.75
		Times Pub. Berhad	2.95
Boust'ad Co	2.05	U. Engin'ers	1.60
Boust'ad Bd	3.26	U. Ov's Bk...	3.42
Bovis	0.45	Wearnes....	2.39
Dunlop	†4.36	Tractors	6.30
Esso	4.52	Chemical ...	†5.30
Fraser Nave	5.55	Wllm. Jacks	1.62
Haw Par.	1.46	Rubbers	
Hume Ind.	2.05	Btu.Lintang	†2.85
Inchcape	1.96	Dunlop Est.	4.04
Malay Braw	‡5.55	Kompas	†5.15
Malay Cemt	‡3.32	Tins	
Met.BxSing	‡2.84	Austral.Am.	—
Ov'sChinBk	6.90	Beriuntai	‡8.00
Pan El'ctric	1.42	Kampar	3.18
Robins'n Co	2.30	Kuchai	—
Rothman.	4.40	Lower Perak	—
Shell.	2.89	PetalingTin	—
Sime Darby	3.22	SupremeCp	—
Cold St'r'ge	2.26	Tongkah Har.	4.04
StraitsSte'm	2.37		
Straits Tme 1975. Ltd.	6.05		

† Bid. ‡ Seller.

Stock Exchange dealings

Thursday, August 2	14,071
Wednesday, August 1	15,044
Tuesday, July 31	16,327
Monday, July 30	16,066
Friday, July 27	16,688
Thursday, July 26	16,308

The list below gives the prices at which bargains were done by members of the Stock Exchange and recorded in last Thursday's Stock Exchange Daily Official List. For those securities not marked in Thursday's List, we show the latest markings recorded during the previous four business days: these are distinguished by the dates shown in parentheses.

The number of dealings marked on Thursday in each section follows the name of the section. Unless otherwise denoted, shares are £1 fully paid and stock £100 fully paid.

Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 3.15 pm only, but later transactions can be included in the following day's Official List. The figures shown above, on the other hand, are the total number of bargains transacted in all securities up to 3.30 pm. No indication is available as to whether a bargain represents a sale or purchase. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

‡ Bargains at Special Prices. Δ Bargains done with or between non-members. ● Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in." $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ms—$Malayan; $Me—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

BRITISH FUNDS (689)

CORPORATIONS (36)

PUBLIC BOARDS (11)

COMMONWEALTH GVTS. (11)

FOREIGN STOCKS (3)

FOREIGN CRPS. (2)

BANKS (130)

BREWERIES (112)

COMMERCIAL (1,992)

A—B

C—D

E—F

G—H

I—J—K

L—M

N—O—P

Q—R—S

T—U—V

W—X—Y—Z

INVESTMENT TRUSTS (131)

ELECTRIC LIGHT (—)

FINANCIAL TRUSTS (70)

GAS (5)

INSURANCE (116)

Bowring (C. T.) (25p) 105@ 5. 9pcLn. 88 (27/7). 10pcLn. 135 (31/7)
Brentnall Beard (Hldgs.) (10p) 15 15
Britannic Assurance (5p) 150 49 (31/7)
Commercial Union Assurance (25p) 158 60 1. 2
Eagle Star Hldgs. (25p) 137@ 6 9
Equity and Law Life Assce. (5p) 170
General Accident Fire and Life Assurance

Investment Trust of Guernsey (50p) 165
Investors Capital Trust (25p) 70½
Jardine Japan Inv. Tst. (25p) 101 (31/7)
Jersey General Inv. Tst. 218 (27/7)
Lake View Inv. Tst. (25p) 85½ 5
Lancashire London Inv. Tst. (25p) 37½ (1/8)
Law Debenture Cpn. (25p) 114 (27/7)
London Gartmore (50p) 83½ 3
London Holyrood (25p) 103½ (31/7)
London Lennox (25p) 47½ (31/7)
London Lomond (25p) 70 (30/7)
London Montrose (25p) 167 (30/7)

Diamond (6)

OIL (310)

PROPERTY (99)

UNIT TRUSTS (8)

MINES

Australian (3)

Miscellaneous (46)

Rhodesian (1)

South African (27)

East Rand Gold Uranium (R0.50) 249½ (1/8)
Elandsrand Gold (R0.20) 254@ 70 62
Elsburg Gold (R1) 80½
General Mining Finance (R0.40) 430@
Gold Fields South Africa (R0.25) US$34¾ 5 (31/7)
Grootvlei Prop. (R0.25) 127½@
Harmony Gold (R0.50) US$7.40 7.35
Hartebeestfontein Gold (R1) US$27½
Impala Platinum Hldgs. (R0.20) 134 (1/8)
Kinross Mines (R1) US$6 6.05 (30/7)
Leslie Gold (R0.65) 70 (31/7)
Libanon Gold (R1) 484 (1/8)
Loraine Gold (R1) 80½ US$1.70
Lydenburg Platinum (R0.12½) 72 (1/8)
Marievale Consd. Mines (R0.25) 68@
Messina (Transvaal) Development (R0.50) 70 68 (31/7)
President Brand Gold (R.50) US$17½ (31/7)
Randfontein Ests. Witwatersrand (R2) US$54 (27/7)
Rustenburg Platinum Hldgs. (R0.10) 102@ 72
Sentrust Beperk (R0.10) US$3.90
UC Invests. (R1) 237 (31/7)
Unisel Gold US$5.35 (31/7)
Vaal Reefs Exploration (R0.50) US$30½ (31/7)
Venterspost Gold (R1) US$4.05 (31/7)
Welkom Gold (R0.50) US$5.50@
West Driefontein Gold (R1) US$43½
Western Areas (R1) 121 (31/7)
Western Deep Levels (R2) 715
Western Hldgs. (R0.50) 1566 (31/7)
Witwatersrand Nigel (R0.25) 42 (31/7)
Zandpan (R1) $US8 (27/7)

West African (4)

Amal. Tin Nigeria (Hldgs.) (10p) 270 8 7

RUBBER (4)

UK RAILWAYS (1)

FOREIGN RAILWAYS (1)

SHIPPING (29)

TEA (3)

TRAMWAYS (1)

CANALS (1)

WATERWORKS (4)

RULE 163 (1) (e)

Bargains marked for approved companies engaged solely in mineral exploration.

AUGUST 2

AUGUST 1

JULY 31

JULY 30

JULY 27

RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

AUGUST 2

Applied Computer Techniques (Hldgs.) 198 90
Aran Energy 145 40 35 30
Baker (John) (Insulation) Pfd. 199
Booth (Charles) 23
Border TV A N-vtg. 28 7

AUGUST 1

JULY 31

Adnams A 185
Adnams B 660
Aran Energy 150 49 8 5 3 40 45
Assd. Tea Ests. Ceylon 33
Aston Villa FC £17½
Baker (John) (Insulation) Pfd. 203 205
Border TV A N.-vtg. 29
British Uralite 9
Burrough (James) 142

JULY 30

Sinclair (Wm.) 65
Sinclair (Wm.) Dfd. 48
Uropate Invs. 176 3

JULY 27

Aran Energy 160 55 45 50 140 37 6 5 4 3 30

RULE 163 (3)

Bargains marked in securities which are quoted or listed on an Overseas Stock Exchange.

AUGUST 2

Viking Oil 270

AUGUST 1

CCP North Sea Associates £16¼

JULY 31

Candecca Resources 70
Club Oil 525
Viking Oil 262 55

JULY 30

Candecca Resources 80 79 7 6
Siebens Oil & Gas (UK) 242
Viking Oil 250

JULY 27

Candecca Resources 78 7
CCP North Sea Associates £16.30
Club Oil 500
Siebens Oil and Gas (UK) 240 38 7½
Viking Oil 280

(By permission of the Stock Exchange Council)

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Knowsley (051-548 6555)	12¼	½-year	1,000	5-7
Redbridge (01-478 3020)	11¾	½-year	200	4-5
Redbridge (01-478 3020)	12¾	½-year	200	6-7

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub'pn shares %	*Term shares %
Abbey National	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Aid to Thrift	9.25	9.80	—	—
Alliance	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Anglia Hastings and Thanet	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Bradford and Bingley	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Bridgwater	8.50	8.75	10.25	10.25 4 yrs., 9.85 2½ yrs., 9.50 2 yrs.
Bristol and West	8.50	8.75	10.00	—
Bristol Economic	8.50	8.75	10.00	9.00 3 months' notice
Britannia	8.25	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Burnley	8.50	8.75	10.00	10.25 4 yrs., 9.75 3 yrs., 9.25 2 yrs.
Cardiff	8.50	9.25	10.25	—
Catholic	8.20	●8.90	9.80	— ● 9.10 over £5,000
Chelsea	8.50	8.75	10.00	9.50 6 months' notice, £500 minimum
Cheltenham and Gloucester	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Citizens Regency	8.50	9.10	10.30	10.60 4 yrs., 10.10 3 yrs., 9.85 2 yrs.
City of London (The)	8.80	9.10	10.10	10.15 3 yr. income share withdrawable
Coventry Economic	8.50	8.75	10.00	10.25 4 yrs., 9.75 3 yr., 9.25 3 mth. not.
Coventry Provident	8.50	8.75	10.75	10.25 4 yrs., 10.00 3 yrs., 9.50 2 yrs.
Derbyshire	8.50	8.75	10.00	9.35 3 months' notice
Ealing and Acton	8.50	9.25	—	9.90 2 yrs., £2,000 min.
Gateway	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Greenwich	6.45	8.85	10.00	10.85 5 yrs., 10.35 4 yrs., 9.85 3 yrs.
Guardian	7.75	8.25	—	9.25 3 mths., 9.60 6 mths., £1,000 min.
Halifax	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Heart of England	8.50	8.75	10.00	10.75 5 yrs., 9.25 3 mths. not.
Hearts of Oak and Enfield	7.75	9.00	10.50	10.25 4 yrs., 10.00 3 yrs., 9.75 2 yrs.
Hendon	8.75	9.25	—	9.75 6 months, minimum £2,000
Huddersfield and Bradford	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Lambeth	8.50	9.00	10.50	9.80 3 mths. not. £250-£10,000
Leamington Spa	8.60	8.85	11.93	10.80 5 yrs., 10.55 4 yrs., 10.15 3 yrs.
Leeds Permanent	8.50	8.75	10.00	10.25 4 yrs., 9.75 3 yrs., 9.25 2 yrs.
Leicester	8.50	8.75	10.00	10.75 5 years, 9.25 2 years
Liverpool	7.75	8.00	9.45	9.60 4/5 yrs., 8.60 2 yrs., min. £1,000
London Goldhawk	8.50	†9.25	†10.50	†10.00 2 years, †9.75 1 year
Melton Mowbray	8.60	8.85	10.00	9.60 2 years
Mornington	9.00	9.50	—	—
National Counties	8.75	9.05	10.05	10.15 6 mths., 9.50 3 mths., min. £1,000
Nationwide	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Newcastle Permanent	8.75	9.25	10.05	10.75 4 yrs., 10.05 3 yrs., 9.75 2 yrs.
New Cross	9.25	9.50	—	—
Northern Rock	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Norwich	7.75	8.00	9.50	9.00 3 yrs., 8.75 2 yrs., min. £500
Paddington	8.25	9.25	10.35	10.00 6 months, 9.75 3 months
Peckham Mutual	8.00	8.75	—	—
Portman	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Principality	8.50	8.75	10.00	10.25 4 yrs., 9.75 3 yrs., 9.25 2 yrs.
Property Owners	7.75	8.50	9.75	9.00 3 months' notice
Provincial	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Skipton	7.75	8.00	9.25	9.50 4 yrs., 9.00 3 yrs., 8.50 2 yrs.
Sussex Mutual	8.50	9.10	10.75	10.05 3 yrs., 9.75 2 yrs., 9.50 1 yr.
Town and Country	8.50	8.75	10.00	10.25 4 yrs., 9.75 3 yrs., 9.25 2 yrs.
Walthamstow	8.50	8.85	9.95	10.85 5 yrs., 9.85 6 months min. £500
Wessex	8.75	9.25	—	10.25 6 mths. not. WDL min. 3 yrs.
Woolwich	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 3 yrs.

*Rates normally variable in line with changes in ordinary share rates.
† Includes 0.25% Centenary Bonus throughout 1979.
All these rates are after basic rate tax liability has been settled on behalf of the investor.

CURRENCIES, MONEY and GOLD

UK MONEY MARKET

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

The Treasury bill rate rose by 0.0193 per cent at yesterday's tender to 13.3652 per cent and the minimum accepted bid remained at £96.66½. Bids at that level were met as to about 28 per cent and above in full. The £300m bills on offer attracted bids of £945.76m, and all bills offered were allotted. Next week a further £300m will be on offer replacing a similar amount of maturities.

Day-to-day credit was in good supply in the London money market yesterday, and the authorities mopped up the surplus, the first such action since July 18.

In the interbank market, week-end loans opened at 13¼-13½ per cent and eased during the day to 11-11½ per cent before dipping to 3-4 per cent.

Rates in the table below are nominal in some cases.

EXCHANGES AND BULLION

Trading in yesterday's foreign exchange market remained rather dull ahead of the week-end with sterling and the U.S. dollar both showing a firmer tendency. The pound opened at $2.2710-2.2720 and rose to a high for the day of $2.2830 but soon fell back to around $2.2700 by lunchtime. Buying interest developed out of the U.S. during the afternoon, and the pound reacted to $2,2775 before falling back once again to $2.2670. By the close however, it had recovered a little to $2.2690-$2.2700, a rise of just 15 points from Thursday's close. On Bank of England figures, its trade weighted index rose to 72.4 from 72.2 after 72.4 at noon.

The dollar moved slightly firmer against most currencies in quiet pre-weekend trading.

Gold lost a further $1½ an ounce in rather dull trading compared with the rest of the week, and finished at $287-287½.

OTHER MARKETS

August 3	£	$		£ Note Rates
Argentina Peso.	3114-3134	1370-1380	Austria	30-31
Australia Dollar	2.0035-2.0155	0.8825-0.8870	Belgium	68.5-70.0
Brazil Cruzeiro	60.20-61.20	26.50-26.95	Denmark	11.95-12.05
Finland Markka	8.73-8.75	3.8410-3.8430	France	9.60-9.75
Greek Drachma	83.246-84.212	36.25-37.10	Germany	4.10-4.20
Hong Kong Dollar	11.68-11.70	5.1520-5.1550	Italy	1,840-1,890
Iran Rial	163.08-169.87	72-75	Japan	495-505
Kuwait Dinar (KD)	0.623-0.633	0.2755-0.2756	Netherlands	4.50-4.60
Luxembourg Frc.	66.40-66.50	29.27-29.29	Norway	11.40-11.55
Malaysia Dollar	4.8830-4.8930	2.1555-2.1565	Portugal	107-110
New Zealand Dlr.	2.2170-2.2270	0.9770-0.9810	Spain	147-156
Saudi Arab. Riyal.	7.61-7.71	3.3600-3.3615	Switzerland	3.70-3.80
Singapore Dollar.	4.8775-4.8875	2.1542-2.1552	United States	2.26-2.28
Sth. African Rand	1.9170-1.9270	0.8445-0.8490	Yugoslavia	44.5-46.5

Rate given for Argentina is free rate.

THE POUND SPOT AND FORWARD

Aug. 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2670-2.2830	2.2690-2.2700	0.55-0.45c pm	2.64	1.80-1.70 pm	3.08
Canada	2.6610-2.6825	2.6635-2.6645	0.60-0.50c pm	2.48	1.80-1.70 pm	2.63
Nethlnd.	4.55-4.60	4.55¾-4.56¾	2½-1½c pm	5.37	6¼-5¼ pm	4.93
Belgium	66.35-66.85	66.40-66.50	16-6c pm	1.98	45-35 pm	2.41
Denmark	11.97-12.06	11.97½-11.98½	1⅝ore pm-⅜ore dis	0.75	2⅛-4⅛ dis	−1.09
Ireland	1.1050-1.1080	1.1060-1.1070	30-40p dis	−3.80	85-95 dis	−3.25
W. Ger.	4.15-4.19	4.15½-4.16½	3⅜-2⅜pf pm	8.29	8⅜-7⅜ pm	7.67
Portugal	110.80-111.50	110.90-111.20	40-100c dis	−7.56	110-210 dis	−5.76
Spain	149.75-150.35	149.85-149.95	300-350c dis	−26.01	725-825 dis	−21.0
Italy	1,859-1,872	1,860½-1,861½	¼ lire pm-1¾ dis	−0.16	3-5 dis	−0.86
Norway	11.42½-11.50½	11.43-11.44	5¾-3¾ore pm	4.98	14¾-12¾ pm	4.81
France	9.65½-9.72½	9.65¾-9.66¾	2½-1½c pm	2.49	5½-4½ pm	2.07
Sweden	9.54-9.62	9.54-9.55	2ore pm-par	1.26	4½-2½ pm	1.47
Japan	490-497	491¼-492¼	3.65-3.40y pm	8.55	10.05-9.75 pm	8.04
Austria	30.35-30.65	30.37-30.42	22-12gro pm	6.71	58-48 pm	6.97
Switz.	3.75½-3.79½	3.76¼-3.77¼	4½-3½c pm	12.74	12¾-11¾ pm	12.60

Belgian rate is for convertible francs. Financial franc 69.00-69.10c pm. Six-month forward dollar 3.10-3.00c pm; 12-month 5.13-5.03c pm.

GOLD

	Aug. 3	Aug. 2
Gold Bullion (fine ounce)		
Close	$287-287½ (£126.5-126.8)	$288½-289¼ (£127.2-127.5)
Opening	$287¾-288½ (£126.5-126.8)	$290½-291¼ (£128.1-128.4)
Morning fixing	$288.50 (£126.785)	$292.85 (£129.009)
Afternoon fixing	$286.50 (£126.045)	$291.60 (£128.885)
Gold Coins, domestically		
Krugerrand	$295-297 (£130-131)	$299-301 (£131¾-132¾)
New Sovereigns	$74½-76½ (£32¾-33¾)	$76-78 (£33½-34½)
Old Sovereigns	$102¼-103¼ (£45-46)	$103¾-105¾ (£45¾-46¾)
Gold Coins, internationally		
Krugerrand	$295-297 (£130-131)	$299-301 (£131¾-132¾)
New Sovereigns	$74½-76½ (£32¾-33¾)	$76-78 (£33½-34½)
Old Sovereigns	$102¼-103¼ (£45-46)	$103¾-105¾ (£45¾-46¾)
$20 Eagles	$412-417	$418-423
$10 Eagles	$232-237	$238-243
$5 Eagles	$175-181	$181-186

LONDON MONEY RATES

Aug. 3 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	3-13½	—	—	—	13¼	3-13½	—	—	—
2 days notice	—	—	13¾-14	—	—	—	—	—	—	—
7 days or 7 days notice	—	13¾-13⅞	13⅞-14⅛	—	14⅛	14	13-13⅝	—	—	—
One month	14⅛-14	13⅞-14	14-14⅛	15-14⅝	14⅛	14⅛	13⅝	13⅞-13¾	14-14¼	14⅛
Two months	14⅛-14	14-14⅛	—	14⅛-14¼	14⅛	—	13¾	13⅞-13⅞	14⅛-14	14⅛
Three months	14¼-14⅛	14-14⅛	14⅛	14-13¾	14⅛	14⅛	13¾	13⅞-13⅞	13	14⅛
Six months	13¾-13⅝	13⅞-13⅞	13⅞	13⅞-13⅞	14⅛	—	—	—	13	13¾
Nine months	13¼-13⅛	13¾-13⅝	—	13⅝-13	13⅝	—	—	—	—	—
One year	12¾-12⅝	12⅞-13	13-13⅛	12⅞-12⅞	13⅝	—	—	—	—	—
Two years	—	—	13-13⅛	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 13-13⅛ per cent; four years 13-13⅛ per cent; five years 13-13⅛ per cent. ΔBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13¾ per cent; four-month trade bills 14 per cent.

Approximate selling rate for one-month Treasury bills 13⅝ per cent; two-month 13⅝-13⅝ per cent; three-month 13⅝ per cent. Approximate rates for one-month bank bills 14⅛-14⅛ per cent; two-month 14 per cent; and three-month 13⅞-13⅞ per cent; one-month trade bills 14⅛ per cent; two-month 14⅛ per cent; and three month 14⅛ per cent.

Finance House Base Rates (published by the Finance Houses Association) 14 per cent from August 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.3652 per cent.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.75-10.85 per cent; three months 10.80-10.90 per cent; six months 10.80-10.90 per cent; one year 10.50-10.60 per cent.

Aug. 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	14⅛-14⅜	10⅝-10⅞	9½-10½	8½-8¾	⅞-1	6⅛-6¼	11-11½	9½-11½	—	2½-7½
7 days' notice	14¼-14½	10¾-11	9½-10½	8½-8¾	½-1½	6⅛-6¼	11-11½	12-14	10⅛-10¼	5⅛-6⅛
Month	14⅛-14⅜	11⅛-11⅜	11¼-11⅜	8⅝-8⅞	1¼-1⅜	6⅛-6¼	11⅛-11⅝	14-15	10⅛-10¼	6⅛-6⅜
three months	14⅛-14⅜	10⅞-11⅛	11⅛-11⅜	9⅛-9¼	1⅜-1⅝	6⅞-6⅞	11¾-12	14½-15½	11-11⅛	5⅞-6⅛
six months	13¾-14⅛	10⅞-11⅛	11⅛-11⅜	9⅛-9⅝	2⅛-2⅜	6⅞-6⅞	12⅛-12⅜	14½-15½	11-11⅛	6-6¼
one year	13¼-13½	10⅝-10⅞	10⅞-11⅛	9⅛-9⅜	2⅛-2⅜	6⅞-7	12⅛-12⅜	14½-15¼	10⅝-10⅞	6⅛-6⅜

Long-term Eurodollar: two years 10¼-10⅜ per cent; three years 10¼-10⅜ per cent; four years 10⅛-10⅜ per cent; five years 10-10⅛ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.5636	+2.80	+1.22	±1.53
Danish Krone	7.08592	7.31349	+3.21	+1.63	±1.635
German D-Mark	2.51064	2.53687	+1.04	−0.53	±1.1325
French Franc	5.79831	5.90343	+1.81	+0.23	±1.35
Dutch Guilder	2.72077	2.78481	+2.35	+0.77	±1.5075
Irish Punt	0.662638	[illegible]	+1.62	+0.04	±1.665
Italian Lira	1148.15	1136.50	−1.01	−1.01	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

CURRENCY RATES

Aug. 3	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.573176	0.607914
U.S. $	10	1.30111	1.38513
Canadian $	11¼	1.52854	1.62476
Austria Sch	3¾	17.4487	18.5746
Belgian F	9	38.1030	40.5636
Danish K	9	6.87245	7.31349
D Mark	5	2.38454	2.53687
Guilder	8	2.61653	2.78481
French Fr	9½	5.54598	5.90343
Lira	10½	1083.46	1136.50
Yen	3½	283.146	300.295
Nrwgn K	7	6.59150	6.99453
Spanish Pt	—	85.9094	91.5295
Swedish Kr	7	5.48353	5.82980
Swiss Fr	1	2.15864	2.29766

CURRENCY MOVEMENTS

Aug. 3	Bank of England Index	Morgan Guaranty changes %
Sterling	72.4	−33.0
U.S. dollar	84.6	−8.8
Canadian dollar	80.2	−17.4
Austrian schilling	147.9	+19.4
Belgian franc	114.5	−13.4
Danish kroner	113.3	−2.1
Deutsche mark	151.3	+42.0
Swiss franc	195.5	+80.6
Guilder	123.4	+18.4
French franc	98.9	−7.3
Lira	55.3	−48.8
Yen	151.8	+50.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

EXCHANGE CROSS RATES

August 3	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.270	4.160	492.5	9.665	3.761	4.563	1861.	2.664	66.45
U.S. Dollar	0.441	1.	1.833	216.9	4.258	1.660	2.010	820.0	1.174	29.28
Deutschemark	0.240	0.546	1.	118.3	2.323	0.905	1.097	447.4	0.640	15.97
Japanese Yen 1,000	2.031	4.610	8.461	1000.	19.63	7.654	9.269	3781.	5.412	135.0
French Franc 10	1.035	2.349	4.305	509.4	10.	3.899	4.722	1926.	2.757	68.77
Swiss Franc	0.265	0.602	1.104	130.7	2.565	1.	1.211	494.0	0.707	17.64
Dutch Guilder	0.219	0.497	0.912	107.9	2.118	0.826	1.	407.9	0.584	14.56
Italian Lira 1,000	0.537	1.220	2.235	264.5	5.192	2.024	2.452	1000.	1.431	35.71
Canadian Dollar	0.375	0.852	1.562	184.8	3.627	1.414	1.713	698.5	1.	24.94
Belgian Franc 100	1.505	3.415	6.260	740.6	14.54	5.670	6.866	2801.	4.009	100.

U.K. CONVERTIBLE STOCKS 3/8/79

Statistics provided by data STREAM International

Name and description	Size (£m)	Current price	Terms*	Con-version dates	Flat yield	Red. yield	Premium† Current	Premium† Range‡	Income Equ.§	Income Conv.¶	Income Diff.▽	Cheap(+) Dear(−)◇ Current
Bank of Ireland 10pc Cv. 91-96	1.20	147.00	47.6	77-80	7.0	5.0	−11.8	−16 to 3	0.0	9.6	5.7	+17.5
British Land 12pc Cv. 2002	7.71	242.00	333.3	80-97	5.0	3.3	−2.5	−7 to 10	0.0	92.2	37.1	+39.7
Hanson Trust 6½pc Cv. 88-93	3.38	67.00	57.1	76-80	10.1	11.6	8.6	−21 to 16	3.1	3.2	0.2	−8.4
Slough Estates 10pc Cv. 87-90	5.50	206.00	187.5	78-85	4.8		1.8	−2 to 4	34.6	40.2	2.7	+1.0
Slough Estates 8pc Cv. 91-94	24.88	107.00	78.0	-91	7.6	7.3	25.9	18 to 31	27.3	50.5	27.3	−1.4
Thorn Electric 5pc Cv. 90-94	4.19	115.00	29.1	75-80	4.3	3.4	−5.2	−5 to −2	9.1	4.6	−3.7	+1.5
Tozer, Kemsley 8pc Cv. 1981	0.78	90.00	153.9	74-79	9.1	14.5	−0.9	−1 to 8	0.0	0.0	0.0	+0.9
Ultramar 7pc Net R.Cv.Pfd.	14.97	1.47	0.5	76-82	8.8	3.8	−3.7	−6 to 7	22.2	21.2	−0.7	+3.0
Wilkinson Match 10pc Cv. 83-98	11.10	78.00	40.0	76-83	13.0	13.3	30.0	21 to 31	28.9	31.6	4.4	−25.6

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ▽ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness, − is an indication of relative dearness.

Quiet conditions persist throughout stock markets but leaders edge higher and Gilts improve afresh

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 16	July 26	July 27	Aug. 6
July 30	Aug. 9	Aug. 10	Aug. 20
Aug. 13	Aug. 23	Aug. 24	Sept. 3

* "New time" dealings may take place from 9.30 am two business days earlier.

Stock markets again lacked inspiration yesterday, notable price movements resulting chiefly from special situations, company news announcements and Press comment. There was, however, little change in overall price levels.

Gilt-edged traded without distinction, but generally held small gains on sterling's early firmness yesterday, while dullness returned to Gold shares with the Gold Mines index down 3.4 for a week's loss of 12.1 at 146.7—its lowest for over three months.

Dealers in leading industrial shares were idle again as illustrated by the lack of movement in the FT 30-share index; the day's seven indices were held within a limit of 2.3, ranged by a loss of 0.5 at 11 am and a closing gain of 1.8 at 457.5. The lack of confidence on the part of potential buyers which has seen the index drop over 100 points from last May's high for the year of 558.6 has again been justified by this week's gloomy predictions about the levels of interest rates and manufacturing industry's profits and reinvestment capabilities.

The Eagle Star bid approach for Bernard Sunley continued to generate some interest in Properties, and other existing bid stocks also attracted more interest than most. As measured by total bargains, however, the volume of business was at its lowest since this measure of trade was introduced on June 4 last. Rises in FT-quoted industrials again outnumbered falls, by 3-to-2, but 74 per cent of our quoted industrials closed unchanged on the day.

Assisted by the initial improvement in sterling, Government securities edged a little higher yesterday. Occasional demand was again seen in the shorts which gradually improved to close at the day's best with fresh gains to ¼. The longer maturities behaved similarly and also finished with rises of ¼, the recently issued £15 paid long tap, Treasury 11¾ per cent, rising that amount to 14¾.

An evenly matched two-way business in investment currency saw the premium move narrowly and close a fraction harder at 24¼ per cent. Yesterday's SE conversion factor was 0.9209 (0.9238).

Although the level of business in Traded options was marginally higher than on Thursday, with 258 deals completed, the week's daily average amounted to only 273, the lowest since last Christmas. **Commercial Union** again attracted most interest, recording 80 trades, while **Grand Met.** were also in demand, with 53 contracts.

Brentnall Beard, at 18p, retrieved half of the previous day's fall of 4 on further consideration of the deal whereby it is selling an insurance broking subsidiary to **Hogg Robinson** for a net estimated £1.1m; the latter improved 2 more to 88p. Other Lloyds Brokers were quietly firm. Composites made progress in places.

Still reflecting disappointing first-half figures, **Grindlays** cheapened a penny more for a decline on the week of 19 at 91p.

Breweries and kindred issues ended the week on a quiet note. **Matthew Clark** added 4 to 148p, while **Castletown** were marked 10 higher at 315p. **Belhaven** on the other hand, eased a penny to 42p awaiting the full-year statement.

Interest in the Building sector was confined to a handful of second-line Timber issues. **Phoenix** firmed 8 to 133p in response to the excellent annual results and the board's confident remarks about current trading, while **Mallinson-Denny** put on 4½ to 67½p as speculative interest increased. **Parker** on the other hand, eased 3 to 117p. Elsewhere, **Heywood Williams** added a penny more to 84p in continued response to the chairman's confident remarks at the annual general meeting, while **Helical Bar** firmed 2 to 25p following the annual results.

Leading Chemicals took a slightly firmer line in thin trading. Elsewhere, **Allied Colloids** put on 6 to 108p in a thin market and **Brent** added 4 to 226p following the chairman's optimistic statement.

Stylo Good Again

Buying on asset value considerations and suggestions that a bid may be in the offing possibly from Town and Centre which already owns over 6 per cent of the equity helped **Stylo** make considerable progress yesterday, the close being a further 12 to the good at a 1979 peak of 198p this left an advance on the week of 24.

Stores closed a shade firmer for choice following a small trade and in Shoes, comment on the good preliminary figures helped **Wearwell** put on 5 afresh to 38p.

Still reflecting the chairman's warning of a squeeze on profit margins, **MK Electric** encountered further selling and reacted afresh to close 10 lower at 225p for a fall of 25 on the week. By way of contrast, **Automated Security** continued to benefit from the good interim results and improved 4 more to 170p. Elsewhere in the Electrical sector, buying interest was shown in **Dewhurst A.** 2 to the good at 16p, and **Ward and Goldstone**, 4 dearer at 92p.

The Engineering market was extremely quiet. Leading issues to ease a shade included **Tubes**, at 322p, and **Vickers**, at 160p. Elsewhere, favourable Press mention stimulated interest in **600 Group**, which firmed 5 to 80p, while **W. G. Allen**, up 2 more at 46p, and **Brasway**, a penny higher at 64p, continued to reflect satisfaction with their annual statements. News of the proposed sale of the Government-held stake in the company prompted a rise of a penny to 36p in **Drake and Scull**.

In Foods, **Joseph Stocks** revived with a gain of 15 to 155p in a thin market, while recently dull **Amos Hinton** picked up 6 to 78p.

Wilson Walton Sold

Ahead of preliminary results due next month, **Wilson Walton** became a prominent dull feature among miscellaneous Industrials, falling 7 to 15p, after touching a 1979 low of 14p on nervous selling, some of which was from the country. **Anglo-American Asphalt** cheapened a penny to 32p ahead of Monday's results and **Hoover A** eased 3 to 152p after further consideration of the interim figures. **Bestobell** moved up 4 to 220p to come into line with the increased bid terms from **BTR**, 5 better at 307p, while **Lindustries** gained 2 more to 139p following its rejection of the 135p cash bid from **Hanson Trust**; the latter rose 5 to 112p. Hopes of a higher offer following the immediate rejection of the 75p per share bid from **Charterhouse Japhet** and associates prompted a rise of 2 more to 78p in **Berwick Timpo**. Press comment drew buyers attention to **Pentland Industries** and the close was 2¼ higher at 29¼ and improvements of 4 apiece were recorded in **Diploma Investments**, 310p, and **G. W. Sparrow**, 127p.

Norton and Wright, at 163p, gave back all of the previous day's gain of 5 following the annual results announcement, but **Management Agency and Music** added 5 to 137p on occasional interest.

The odd company announcement enlivened an otherwise lethargic Motors sector. **Jonas Woodhead** featured Components, rising 5 to 97p on the chairman's optimistic statement at the annual meeting. **Lotus**, on the other hand, shed a penny to 33p following the annual report.

In contrast to the quiet conditions that prevailed elsewhere, Properties attracted a fair amount of business. Once again, most interest centred on **Bernard Sunley** which advanced 18 to 485p for a gain on the week of 103 on hopes of an offer in excess of 500p per share as a result of Eagle Star's bid approach. Elsewhere, demand following the annual results and property revaluation lifted **Imry** 20 to 650p, while a speculative flurry in a thin market prompted a gain of 8 to 116p in **Clarke Nickolls**. Renewed interest took **Allied London** up 6 to 88p, but the lower annual profits left **Carrington Investments** 5 cheaper at 130p.

Siebens Good

Oils made progress, with **British Petroleum** rallying 15 to 1175p after recent dullness on the nationalisation of its Nigerian assets. **Shell** edged up 6 further to 350p, while **Siebens (UK)** featured in secondary issues with a rise of 22 to 262p on the plans to develop the southern portion of the Brae oil field in the North Sea.

Trusts trended easier, but **Govett European** hardened a penny for a two-day-gain of 12 to 64p on the company's decision to consider unitisation. Among Financials, **Smith Bros.** met nervous selling ahead of next Tuesday's preliminary results and gave up 5 to a low for the year of 35p. Demand in a restricted market, however, lifted **Robert Kitchen Taylor** 10 to 150p.

Among barely tested Textiles, **Courtaulds** put on a couple of pence at 84p. **Sirdar** improved 3 to 100p for a week's rise of 8 on revived speculative demand, while **Brigray** held at 9p on the reduced annual loss.

Among idle Teas, **Lawrie**, still buoyed by the disposal of its Jokai subsidiary, put on 5 for a week gain of 23 at 435p.

Poor week in Golds

South African Golds lost ground for the fourth time in five trading days as the bullion price weakened $1.50 more to $287.375 an ounce, down $18.5 over the week.

Share prices followed the pattern that was common throughout the week, being marked down at the outset and thereafter drifting on lack of support. Actual selling was minimal. The Gold Mines index gave up 3.4 to 146.7 — down 12.1 on the week — while the ex-premium index registered a day's fall of 3.6 at 135.1.

Among heavyweights, 1979 lows were recorded in **Western Holdings**, ½ down at £15, and **Free State Geduld**, ⅜ cheaper at £11⅞, while **Vaal Reefs** eased ¼ to £13¾. Medium and lower-priced stocks showed **Western Deep** 26 off at 668p and **Libanon** 19 down at 477p.

Financials generally made progress. South African registered issues to gain ground included **UC Investments**, 13 up at 248p, and **Johnnies**, which rose ⅜ to £14¼. "**Amcoal**" held steady at 825p following the increased interim dividend and half-year profits.

Charter became prominent in London Financials as buying in a market short of stock pushed the shares 7 better at 125p. **Selection Trust** attracted demand and added 12 to 476p.

Australians saw renewed activity following a further good performance by overnight domestic markets. **Pacific Copper** advanced strongly to close 9 up at 96p for a rise of 14 on the week following speculative buying. *Western Mining* improved 5 to 145p, mainly on Australian buying.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	1100	102	—	145	4	—	—	1173p
BP	1200	67	-	90	8	130	—	"
Com. Union	130	18	...	24	1	27	—	142p
Com. Union	140	12	—	16	20	21	-	"
Com. Union	160	5	12	9	47	15	—	"
Cons. Gold	360	2½	4	7	-	—	—	215p
Courtaulds	100	1½	-	3	5	—	—	83p
Grand Met.	128	19	2	25	—	—	—	144p
Grand Met.	138	13	50	18	—	—	—	"
Grand Met.	178	1½	—	3	1	—	-	"
ICI	330	13	-	22	—	27	17	321p
Land Secs.	280	24	4	34	-	44	-	288p
Marks & Sp.	120	5	—	9	-	15	1	111p
Shell	300	52	10	-	-	—	-	351p
Shell	325	27	11	32	6	...	-	"
Shell	350	11	1	18	-	—	—	"
Shell	375	5	-	11	10	-	-	"
Totals			94		100		18	
		August		November		February		
Imperial Gp.	80	11	4	15	-	-	-	90p
Imperial Gp.	90	4	6	7	-	10		"
RTZ	280	6	-	19	-	30	9	275p
RTZ	300	2	13	14	14	22		"
Totals			23		14		9	

ACTIVE STOCKS

YESTERDAY—

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BAT Inds.	25p	7	277	+ 1	362	255
Shell Transport	25p	7	350	+ 6	402	278
Sunley (B.)	25p	6	455	+18	485	252
Assoc. Dairies	25p	5	262	+ 3	306	189
Beecham "New"	25p	5	133	+ 1¼	134	130¼
BP	£1	5	1175	+15	1295	882
Commercial Union	25p	5	143	+ 3	185	134
GEC	25p	5	358	+ 2	456	311
ICI	£1	5	323	+ 2	415	314
Lonrho	25p	5	68	+ 1	90	62
R.H.M.	25p	5	44	—	53	43
Trusthouse Forte	25p	5	141	+ 2	198	127
Courtaulds	25p	4	84	+ 2	122	82
Imperial Group	25p	4	91	—	108	82
Vickers	£1	4	160	− 2	210	158

The above list of active stocks is based on the number of bargains recorded yesterday in the Official List and under Rule 163(1) (e) and reproduced today in Stock Exchange dealings.

ON THE WEEK—

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1979 high	1979 low
BP	£1	53	1175	−35	1295	882
Shell Transport	25p	53	350	+14	402	278
NatWest Bank	£1	40	328	− 2	406	278
Barclays Bank	£1	39	432	+ 7	514	360
BAT Inds.	25p	38	277	+ 9	362	255
ICI	25p	37	323	+ 4	415	314
Beecham "New"	25p	34	133	− 1*	134	130¼
Courtaulds	25p	34	84	—	122	82
GEC	25p	33	358	− 2	456	311
Trusthouse Forte	25p	33	141	− 1	198	127
RTZ	25p	32	272	+17	362	226
GKN	£1	30	258	− 8	308	226
Tricentrol	25p	28	228	+18	254	148
Boots	25p	27	186	+ 5	238	177
Marks & Spencer	25p	27	111	—	134	83

* Change based on Monday's opening price.

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hambros Bank	14 %
Allied Irish Bank Ltd.	14 %	■ Hill Samuel	§14 %
Amro Bank	14 %	C. Hoare & Co.	†14 %
American Express Bk.	14 %	Julian S. Hodge	15 %
A P Bank Ltd.	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Industrial Bk. of Scot.	14½%
Associates Cap. Corp.	14 %	Keyser Ullmann	14 %
Banco de Bilbao	14 %	Knowsley & Co. Ltd.	15½%
Bank of Credit & Cmce.	14 %	Lloyds Bank	14 %
Bank of Cyprus	14 %	London Mercantile	14 %
Bank of N.S.W.	14 %	Edward Manson & Co.	15 %
Banque Belge Ltd.	14 %	Midland Bank	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Samuel Montagu	14 %
Barclays Bank	14 %	■ Morgan Grenfell	14 %
Bremar Holdings Ltd.	15 %	National Westminster	14 %
Brit. Bank of Mid. East	14 %	Norwich General Trust	14 %
■ Brown Shipley	14 %	P. S. Refson & Co.	14 %
Canada Perm't Trust	14 %	Rossminster	14 %
Cayzer Ltd.	14 %	Ryl. Bk. Canada (Ldn.)	14 %
Cedar Holdings	14 %	Schlesinger Limited	14 %
■ Charterhouse Japhet	14 %	E. S. Schwab	15 %
Choulartons	14 %	Security Trust Co. Ltd.	[illegible] %
C. E. Coates	14 %	Shenley Trust	15 %
Consolidated Credits	14 %	Standard Chartered	14 %
Co-operative Bank	*14 %	Trade Dev. Bank	14 %
Corinthian Secs.	14 %	Trustee Savings Bank	14 %
Credit Lyonnais	14 %	Twentieth Century Bk.	15 %
The Cyprus Popular Bk.	14 %	United Bank of Kuwait	14 %
Duncan Lawrie	14 %	Whiteaway Laidlaw	14½%
Eagil Trust	14 %	Williams & Glyn's	14 %
English Transcont.	14 %	Yorkshire Bank	14 %
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		

■ Members of the Accepting Houses Committee.
* 7 day deposits 11½%, 1 month deposits 11¾%.
† 7 day deposits on sums of £10,000 and under 11½%, up to £25,000 12%, and over £25,000 12½%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 24	Aug. 6	Oct. 18	Oct. 29
Aug. 7	Aug. 20	Nov. 1	Nov. 12
Aug. 21	Sep. 3	Nov. 15	Nov. 26

For rate indications see end of Share Information Service

Calls were done in 600 Group, Wearwell, Bambers, Associated Dairies, ICI, Scottish and Newcastle, Decca "A," Dunlop, Shell, Charterhall, Silvermines and Hanson Trust. No puts were dealt, but a double was completed in Unisel.

RISES AND FALLS

	Yesterday Up	Yesterday Down	Yesterday Same	On the week Up	On the week Down	On the week Same
British Funds	75	—	12	176	155	104
Corpns. Dom. and Foreign Bonds	13	1	51	37	59	234
Industrial	225	141	1,046	1,047	1,463	4,575
Financial and Prop.	98	76	330	529	545	1,379
Oils	15	7	37	71	42	82
Plantations	1	7	23	10	49	96
Mines	26	55	63	113	251	327
Others	39	42	76	202	163	321
Totals	492	329	1,619	2,378	2,707	7,118

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FINANCIAL TIMES STOCK INDICES

	Aug. 3	Aug. 2	Aug. 1	July 31	July 30	July 27	A year ago
Government Secs.	72.79	72.65	72.60	72.24	72.48	72.93	70.98
Fixed Interest	73.70	73.60	73.42	73.73	73.83	74.75	72.78
Industrial	457.5	455.7	456.8	454.2	461.0	468.2	497.2
Gold Mines	146.7	150.1	148.6	152.4	155.1	158.8	185.1
Gold Mines(Ex-$ pm)	135.1	138.7	136.8	141.1	141.6	145.6	121.8
Ord. Div. Yield	7.06	7.07	7.06	7.05	7.09	6.90	6.57
Earnings, Yld. % (full)	17.90	17.94	17.91	17.89	17.98	17.37	16.28
P/E Ratio (net) (*)	7.02	7.00	7.01	7.02	6.98	7.21	8.20
Total bargains	15,999	14,071	15,044	16,327	16,056	16,688	—
Equity turn over £m	—	68.12	74.32	91.78	71.10	89.84	102.18
Equity bargains total	—	10,562	10,350	11,691	12,285	13,229	21,710

10 am 455.6. 11 am 455.2. Noon 455.2. 1 pm 455.6.
2 pm 455.8. 3 pm 456.0.
Latest Index 01-246 8026
* Nil = 6.75.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	66.05 (13/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (6/6)	139.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$pm)	169.5 (6/6)	95.2 (2/11)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	Aug. 3	Aug. 2
—Daily		
Gilt Edged	121.7	148.9
Industrials	107.1	125.6
Speculative	28.1	23.9
Totals	72.0	86.5
5-d'y Av'r'ge		
Gilt Edged	135.1	133.9
Industrials	128.4	129.4
Speculative	24.5	24.7
Totals	86.2	87.6

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (19)

BRITISH FUNDS (2) — Treas. 3pc '79; Electric 4½pc '74-79
BUILDINGS (1) — Finlan (John)
STORES (1) — Peters Stores
ELECTRICALS (2) — Automated Security; Dewhurst
FOODS (1) — Unigate
INDUSTRIALS (4) — Bestobell; Broken Hill Prop.; Bibby (J.); Valor
PROPERTY (2) — McKay Securities; Sunley (B.)
SHOES (1) — Stylo Shoes
TRUSTS (1) — Gresham House
OILS (3) — Viking Oil; Weeks Petroleum; Do. Pf.
MINES (1) — Mincorp

NEW LOWS (34)

AMERICANS (1) — Chrysler
CANADIANS (1) — Bank of Montreal
BANKS (1) — Grindlays Bank
BUILDINGS (1) — Brit...
STORES (3) — [illegible]
ENGINEERING (3) — [illegible]
INDUSTRIALS (5) — [illegible]
PAPER (1) — Bemrose
SHIPPING (1) — Ocean Transport
TEXTILES (1) — Tomkinsons
TRUSTS (5) — Carliol; Second Alliance Tst.; Continental Union; Trans. Oceanic; 1928 Investment Tst.
RUBBERS (2) — Bradwall; Chersonese
MINES (3) — Marievale; Western Holdings; FS Geduld

Detectives may check pop record returns

PRIVATE investigators may be used by the British Market Research Bureau to forestall any attempts at rigging returns for its pop records sales charts, organised with Music Week magazine and the BBC.

The charts are important in the pop business, since once a record reaches the charts it is likely to get more air time and thus more sales.

The temptation for attempts at influencing staff in record shops to make optimistic returns is therefore strong. In the past three weeks, the bureau has removed 50 shops from its 450-strong sample group.

"Some of the shops we have decided not to use may be completely innocent," the bureau said. "We have no firm evidence but we do have reasonable grounds for suspicions. There are always a lot rumours circulating in this business."

Facilities for the handicapped

PLACES of historic interest with special facilities for the handicapped are listed in a new booklet from the National Trust.

Scented gardens for the blind and houses with showrooms on one level, including Cliveden near Maidenhead, are featured. Copies of "The National Trust: Facilities for the Disabled and Visually Handicapped—1979" are available from the Trust at Western Way, Melksham, Wilts, for 35p.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Fri., Aug. 3, 1979 — Thurs., Aug. 2 — Wed., Aug. 1 — Tues., July 31 — Mon., July 30 — Year ago (approx.) — Highs and Lows Index

[illegible]

FIXED INTEREST PRICE INDICES

[illegible]

FIXED INTEREST YIELDS

[illegible]

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Gilt Int. Tst.	106.8	112.4	+0.3	3.16
Abbey Capital	36.5	38.8	+0.1	4.75
Abbey Income	42.5	45.6	+0.2	6.66
Abbey Inv. Tst. Fd.	35.7	38.0	−0.1	5.55
Abbey Gen. Tst.	48.7	51.8	+0.1	4.70
Equitas Prog. Tst.	67.1	70.8	.....	4.78

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	98.6	103.8	.....	12.05

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	71.3	76.3	+0.1	5.45
Brit. Inds. Fund	67.9	72.7	+0.9	5.58
Grth. & Inc.	39.3	42.3	+0.3	5.23
Elect. & Ind. Dev.	37.0	39.6	+0.1	4.70
Allied Capital	73.3	78.8	+0.2	5.10
Hambro Fund	113.9	121.9	+0.5	5.33
Hambro Acc. Fd.	133.6	142.9	+0.5	4.70
Income Funds				
High Yield Fd.	73.5	78.6	+0.1	8.70
High Income	68.7	73.5	+0.1	7.35
A. H. Eq. Inc.	39.8	42.6	+0.1	7.46
International Funds				
International	24.6	26.3	+0.1	3.05
Pacific Fund	34.7	37.1	+0.2	2.40
Secs. Of America	54.7	58.5	.....	2.15
Specialist Funds				
Smaller Co.'s Fd.	45.3	48.5	+0.1	4.32

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	47.1	50.3	+0.3	4.87
Do. Accum.	63.1	67.4	+0.4	4.87

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Aug. 2	102.6	102.3	−3.1	4.86
Gross Inc. Aug. 2	73.8	76.2	−1.8	10.24
High Yield Aug. 2	86.7	89.2	−0.8	9.59

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	101.6	108.0	+1.0	3.60
Do. Acc.	126.1	134.1	+1.2	3.60
G.T. Inc. Fd. Un.	169.3	180.1	+0.6	8.40
G.T. U.S. & Gen.	128.9	137.1	+1.3	3.00
G.T. Japan & Gen.	77.1	81.5	+0.8	2.30
♦Gt. Pens. Ex. Fd.	208.6	218.9	.....	3.90
G.T. Int'l. Fund	143.2	152.3	+2.4	2.10
G.T. Four Yds. Fd.	55.0	58.5	.....	7.90
G.T. Far East & Gen.	43.6	46.3	+0.6	3.00

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	34.5	36.8	+0.1	5.24

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Tst.	23.7	25.4	−0.2	0.98
British Tst. (Acc.)	61.0	65.6	+0.1	3.40
Commodity Share	27.8	29.9	+0.2	3.38

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund		US$8.16	.....	—

Net asset value August 1

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg. Fd.	£12.67	12.68	.....	12.02

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	123.0	127.0	.....	7.87

Next dealing August 6.

Gov't Secs. Tst.	95.5	98.0	.....	12.76

Next dealing date August 6.

East & Intl. Tst (CI)	102	109	.....	3.47

Next dealing date Aug. 9.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney

US$1 Shares		$US1.48	.....	—

Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	109.88	110.44	−0.17	8.38

Prices at August 2. Next sub. day August 8.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	$US59.78	61.62	+0.18	8.15

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	85.2	90.4	.....	5.00

Barclays Unicorn International

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,330	1,463	.....	2.40
Bondselex	117.45	123.35	.....	2.40
Central Assets	148.71	148.76	+0.03	—

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.35	9.40	.....	11.75
Gilt Trust (I.o.M.)	108.0	110.8	.....	11.75
Gilt Fnd. Guernsey	9.85	9.91	.....	11.75

Intl. Govt. Secs. Tst.

First Sterling	£21.96	22.10	.....	—
First Intl.	$US239.35	240.01	.....	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest		LF1116	4.30	4.30
Guernsey Inc.	65.4	69.5	.....	4.82
Do. Accum.	83.2	88.3	.....	4.82
KB Far East Fd.		US$23.27	.....	2.26
KB Gilt Fund	£10.79	10.85	.....	12.32
KB Int. Bd. Fd. Inc.		102.71	.....	8.20
KB Int. Bd. Fd. Acc.		108.23	.....	
KB Intl. Fund		$US12.67	.....	2.21
KB Japan Fund		$US30.45	.....	0.98
K.B. U.S. Gwth. Fd.		US$13.77	.....	1.45
Signet Bermuda		$US5.34	.....	1.87

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Hellier, Jersey. 0534 27561

Lloyds Tst. O'seas	51.0	53.6	.....	3.10

Next dealing August 15.

Lloyds Trust Gilt	£10.06	10.07	.....	11.75

Next dealing August 8.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneva 11 (Switzerland)

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1979 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98¹³⁄₁₆	94⅝	Treasury 3pc '79‡‡	98¹³⁄₁₆	−1/32	3.03	13.25
98¹³⁄₁₆	95⅝	Electric 4¼pc '74-79	98⁵⁄₁₆	−⅛	4.30	13.15
100¼	54⅝	Treasury 10½pc '79‡‡	99⅜	......	10.59	13.73
97⅝	94½	Electric 3½pc '76-79	97⅝	+¼	3.58	12.23
99⅜	95⅝	Treasury 9pc 1980‡‡	97¾xd	−⅛	9.21	13.32
99⅜	95¹³⁄₁₆	Treasury 9½pc '80‡‡	97⅞	+1/16	9.25	13.02
97	92¾	Treasury 3½pc '77-80	94¾	......	3.69	9.97
97⅜	92⅞	Funding 5¼pc '78-80‡‡	95¾	......	5.48	10.48
103⅝	99¹⁄₁₆	Exchequer 13pc 1980‡‡	100½	−⅛	12.93	12.45
102½	96¹³⁄₁₆	Treasury 11½pc 1981‡‡	99⅜	−⅛	11.57	11.92
93¾	88⅝	Treasury 3½pc 1979-81	92¾xd	......	3.77	8.66
99⁷⁄₁₆	92⁵⁄₁₆	Treasury 9¾pc 1981‡‡	96¼	−⅛	10.12	12.19
96¾	89½	Exch. 8¼pc 1981	93⅞	+⅛	8.78	11.99
98¹¹⁄₁₆	91¼	Exch. 9½pc 1981	95½xd	+⅛	9.94	12.09
91¼	84¼	Exch. 3pc 1981	90xd	......	3.33	8.43
98⁵⁄₁₆	96	Treas. Variable '81§§	97⅝	......	14.19	15.08
104⁹⁄₁₆	97⁷⁄₁₆	Exch. 12¾pc 1981‡‡	101⁵⁄₁₆	+¼	12.60	12.10
96⅞	88	Treas. 8½pc '80-82‡‡	93	......	9.14	11.85
89½	82	Treasury 3pc '82‡‡	88½xd	......	3.39	8.12
108⅝	100⅜	Treasury 14pc '82‡‡	103½	+¼	13.52	12.34
97¼	94⅛	Treas. Variable '82§§	96⁵⁄₁₆	......	14.40	15.50
95¼	85⅜	Treasury 8¼pc '82	91½	+¼	9.01	11.75
97¼	86½	Exch. 9¼pc 1982	92⅛	+¼	10.04	12.35
95⅞	84⅝	Exch. 8¾pc 1983	91⅝	+¼	9.54	11.77
86⅛	77¾	Exch. 3pc '83	83xd	......	3.61	8.67
104⅝	93⅛	Treasury 12pc 1983‡‡	98⅝	+⅜	12.16	12.45
104	93⅛	Treas. 12pc '83 A‡‡	98⁷⁄₁₆	+⅜	12.19	12.57
95	93½	Treas. Variable '83§§	94⁷⁄₁₆	......	14.70	15.89
97¼	84½	Treasury 9¼pc '83	92	+¼	10.05	11.82
98⁵⁄₁₆	85½	Exch. 10pc 1983	92⅞	+¼	10.76	12.13
89½	78¾	Funding 5½pc '82-84‡‡	85¼	......	6.45	9.65
77¼	76⅞	Exch. 3pc 1984●	76⁹⁄₁₆	......	3.90	8.94

Five to Fifteen Years

1979 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99¾	97¼	Treasury 12pc 1984	99⅜	+⅛	12.22	12.48
110	93¼	Exch. 12¼pc 1985	101	+⅛	12.44	12.58
95	80	Treasury 8½pc '84-86‡‡	88⅞	+⅛	9.63	10.95
112⅛	97¾	Exch. 13¼pc 1987	103⅜	+⅛	12.88	12.69
84⅞	72½	Funding 6½pc '85-87‡‡	81⅞	+⅛	8.16	10.38
88⅞	73½	Treasury 7¾pc '85-88‡‡	82⅜	+⅛	9.43	11.04
70⅜	58⅜	Transport 3pc '78-88	64⅝	+¼	4.66	8.88
73	61⅛	Treasury 5pc '86-89	70¼	+¼	7.27	9.95
113¾	93¾	Treasury 13pc 1990‡‡	104	+¼	12.59	12.45
89¼	72¾	Treasury 8¼ 87-90‡‡	82¼	+¼	10.17	11.31
106½	86¼	Treasury 11¾pc 1991	96½	+¼	12.28	12.46
72½	60⅜	Funding 5¾pc '87-91‡‡	70⅛	+¼	8.43	10.55
98⅜	89¼	Exch. 11pc 1991	93⅜	+¼	12.08	12.44
111⅝	91	Treasury 12¾pc '92‡‡	101⅞	+¼	12.58	12.52
94⅞	75½	Treasury 10pc 1992	86xd	−¼	11.57	12.13
107⅜	86¾	Exch. 12¼pc '92	98½xd	+¼	12.40	12.45
110½	89¼	Treasury 12½pc '93‡‡	100¼	+¼	12.50	12.49

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1979 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
35	22	Antofagasta Rly.	35	......	—	—
45	37	Do. 5pc Pref.	45	......	—	—
98	98	Chilean Mixed	98	......	—	13.10
31	18	Chinese 4½pc 1898	25	......	—	—
35	24	Do. 5pc 1912	24	......	—	—
20	11	Do. 5pc 1925 Boxer	11	......	—	—
430	400	German Yng. 4½pc	400	......	4½	—
52	38	Greek 7pc Ass.	38	......	3½	9.35
51	37	Do 6pc 28 Stab. Ass.	37	......	6	8.39
42	33	Do 4pc Mixed Ass.	34	......	4	5.88
52	42	Hung. '24 Ass.	52	......	—	5.10
68	68	Iceland 6½pc '83-88	68	......	—	13.05
90½	78½	Ireland 7½pc '81-83	84½	+½	7½	12.74
87½	69	Do 9¾pc '91-96	85½	+½	9¾	12.37
390	230	Japan 4pc '10 Ass	250	......	—	—
73	65	Do 6pc '83-88	67	......	6	12.00
160	135	Peru Ass. 3pc	150	......	3	1.75
75p	75p	S.G.I. 6½pc 1980	75p	......	6½	8.67
$94½	$94½	Turin 9pc 1991	$94½	......	9	9.53
DM91	DM91	Turin 6½pc 1984	DM91	......	6½	8.45
97	95	Uruguay 3½pc	97	......	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1979 High	Low	Stock	£	+ or −	Div. Gross	C'vr	Y'ld Gr's
20¾	11¾	ASA	11⅞	......	$1.00	—	3.8
59	42	AMF 5% Conv. '87	42	......	5%	—	f6.7
21¾	14⅝	Abbott Labs. ‖	17⅛xd	+⅛	84c	—	—
25⅞	17	Amax $1	18¾	−¼	$1.8	—	4.4
23½	15⅛	American Express	16¾	......	$1.80	—	4.8
24½	13¼	Amer. Medic. Int.	14¾	+¼	60c	—	0.0
14⅝	847p	Asarco Inc.	961pxd	−8	$1.00	—	4.7
27¼	19¼	Baker Intnl. Corp. $1	21⅜xd	−½	60c	—	1.3
12⅝	725p	Barnes Grp. $6⅔	910p	......	$0.66	—	3.3

S.E. List Premium 8⅞% (based on US$2.2720 per £)
Conversion factor 0.9209 (0.9238)

CANADIANS

S.E. List Premium 8⅞% (based on $2.6659 per £)

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INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

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[illegible]

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[illegible]

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[illegible]

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[illegible]

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[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	12	......	—	—	—
14	4	ACM 20c	9	......	—	—	—
171	100	Bougainville 50 Toea	112	+2	Q15c	1.0	6.8
140	84	BH South 50c	98	+1	—	—	—
860	340	Central Pacific	700	+10	—	—	—
318	170	Conzinc Riotinto 50c	186	......	NQ10c	2.0	2.8
36	16	Cultus Pacific N.L.	19	......	—	—	—
21½	11	Endeavour 20c	14	+½	—	—	—
98	62	G.M. Kalgoorlie $1	78	−2	ZQ3c	—	2.0
42	23	Haoma Gold N.L.	27	−1	—	—	—
210	148	Hampton Areas 5p	185	+1	3.5	2.8	2.7
71½	25	Metals Ex. 50c	36	+1	—	—	—
275	168	M.I.M. Hldgs. 50c	180	−5	†Q9c	1.7	2.6
15	15	Minefields Expl.	15	......	—	—	—
74	30	Mount Lyell 25c	34	......	—	—	—
44	14	Newmetal 20c	15	......	—	—	—
141	91	North B. Hill 50c	99	−2	†Q8c	1.3	4.1
22	11	Nth. Kalgurli	17	......	—	—	—
40	22	Nth. West Mining	26	......	—	—	—
137	76	Oakbridge $A1	78	+1	Q12c	1.9	8.1
37	22	Oilmin N. L.	34	......	—	—	—
120	58	Pacific Copper	96	+9	—	—	—
£10¼	625	Pancont'l 25c	712	−25	—	—	—
25¼	15½	Paringa M&Ex. 5p	19	......	—	—	—
510	268	Peko-Wallsend 50c	289	−3	Q15c	3.3	2.7
340	145	Southern Pacific	277	+37	—	—	—
16	12	West Coast 25c	13	......	—	—	—
188	121	Westn. Mining 50c	145	+5	†Q3c	0.7	1.1
11	9	Westmex	10	......	—	—	—
65	50	Whim Creek 20c	55	......	—	—	—
25	13	York Resources	13	......	—	—	—

TINS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	27	......	2.81	1.3	14.9
435	265	Ayer Hitam $M1	280	......	Q300c	0.5	23.0
72	51	Beralt Tin	51	......	4.0	3.3	11.2
270	175	Berjuntai $M1	180	......	†Q110c	1.0	15.0
160	125	Geevor	135xd	+5	8.71	3.1	9.2
10½	8	Gold & Base 12½p	8½	......	—	—	—
365	295	Gopeng Cons.	315	−10	†18.0	1.4	8.2
370	295	Hongkong	320	......	†12.5	2.8	5.6
98	64	Idris 10p	84xd	......	†8.0	1.6	13.6
14	9½	Jantar 12½p	11	......	♦	—	—
95	58	Kamunting $M0.50	70	......	†Q12.5c	2.1	3.8
620	210	Killinghall $M1	340	......	—	—	—
465	365	Malay Dredging $M1	375	−5	†175c	0.7	1.7
57	28	ΔPahang	29	......	—	—	—
123	60	Pengkalen 10p	110	......	4.5	1.2	6.1
275	195	Petaling $M1	200	−5	†Q120c	1.3	12.9
85	62	Saint Piran	71	......	†2.03	6.5	4.1
58	45	South Crofty 10p	45	......	†4.19	2.0	13.3
230	170	South Kinta $M0.50	175	......	†sQ145c	0.6	17.8
405	285	Sthn Malayan $M1	335	......	†Q190c	1.0	12.2
310	210	Sungei Besi $M1	250	−5	Q520c	ϕ	60.2
75	40	Supreme Corp. $M1	40	......	Z010c	—	5.4
105	94	Tanjong 15p	95	......	7.5	0.7	11.5
115	90	Tongkah H. Tin	90	......	†Q24c	0.7	6.0
280	190	Tronoh $M1	200	......	Q25c	5.2	2.8

COPPER

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
112	56	Messina R0.50	72	+4	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	60	......	—	—	—
13½	10	Burma Mines 17½p	11½	......	—	—	—
345	170	Cons. Murch. 10c	255	+5	ZQ30c	—	6.0
410	290	Northgate C$1	320	......	—	—	—
362	226	R.T.Z.	272	+1	11.5	2.7	6.0
31	18	Robert Mines	24	......	—	—	—
65	30	Sabina Inds. C$1	35	......	—	—	—
880	525	Tara Expln. $1	550	......	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$17½	$10½	Buffels R1	$14	−¼	Q200c	ϕ	17.3
$15½	890c	East Drie R1	$11⅞	−⅛	†Q115c	1.6	11.7
$10⅝	350c	East Rand Prp. R1	950c	+17	†Q10c	—	1.3
$27⅝	$18¼	F.S. Geduld 50c	$23⅞	−½	†Q315c	2.4	15.9
$19⅝	$11⅛	Pres. Brand 50c	$17	−⅝	†Q150c	3.2	10.7
$18⅝	$10¼	St. Helena R1	$15⅞	−⅛	†Q190c	1.6	14.5
760c	407c	Stilfontein 50c	650c	−10	†Q66c	1.7	12.3
$35¼	$18¼	Vaal Reefs 50c	$28⅞	−⅜	†Q280c	2.7	12.4
$50¼	$28¼	West Drie R1	$43	−½	Q615c	ϕ	17.3
$36½	$22¼	West Hldgs. 50c	$31⅝	−⅝	†Q415c	1.4	15.9
$18½	$10⅜	Western Deep R2	$14	−½	†Q147½c	2.1	13.8

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or in EEC currencies are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- II No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

" Recent Issues " and " Rights " Page 24

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv. 20p	26	......	Sindall (Wm.)	160	......
Bertam	24	......	IRISH		
Bdg'wtr. Est. 50p	400	−5	Conv. 9% '80/82	£86⅛	......
Clover Croft	28	......	Nat. 9¾% 84/89	£71⅝	......
Craig & Rose £1	£11½	......	Fin. 13% 97/02	£85	......
Dyson (R. A.) A	26	......	Alliance Gas	65	+5
Ellis & McHdy	180	......	Arnott	345	......
Fife Forge	54	......	Carroll (P.J.)	103	......
Finlay Pkg. 5p	19	......	Clondalkin	79	......
Graig Ship. £1	310	+15	Concrete Prods.	87	......
Higsons Brew.	75	......	Heiton (Hldgs.)	60	......
Holt (Jos) 25p	260	......	Ins. Corp.	200	−10
I.O.M. Stm. £1	155	+2	Irish Ropes	70	......
Pearce (C. H.)	265	......	Jacob	40	......
Peel Mills	30	......	T.M.G.	165	−5
Sheff. Refrshmt.	105	......	Unidare	81	......

OPTIONS

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Industrials					
A. Brew	9	I.C.I.	24	Tube Invest.	30
BOC Intl.	6	"Imps"	8	Unilever	55
B.S.R.	7	I.C.L.	55	U.D.T.	5
Babcock	18	Inveresk	7	Utd. Drapery	10
Barclays Bank	32	KCA	5	Vickers	18
Beecham	52	Ladbroke	22	Woolworths	7½
Blue Circle	18	Legal & Gen.	14		
Boots	18	Lex Service	11	**Property**	
Bowaters	18	Lloyds Bank	25	Brit. Land	7½
B.A.T.	28	"Lots"	5	Cap Counties	9
Brown (J.)	50	London Brick	7	Land Secs.	25
Burton 'A'	26	Lonrho	8	MEPC	17
Cadburys	7	Lucas Inds.	25	Peachey	13
Courtaulds	10	"Mams"	18	Samuel Props.	14
Debenhams	8	Mrks. & Spncr	11	Town & City	2¼
Distillers	21	Midland Bank	30		
Dunlop	6½	N.E.I.	14	**Oils**	
Eagle Star	14	Nat. West. Bank	28	Brit. Petroleum	100
E.M.I.	12	Do Warrants	15	Burmah Oil	13
Gen. Accident	21	P & O Dfd.	10	Charterhall	5
Gen. Electric	35	Plessey	10	Premier	5
Glaxo	50	R.H.M.	5	Shell	25
Grand Met.	14	Rank Org.	25	Ultramar	25
G.U.S. 'A'	30	Reed Intnl.	18		
Guardian	23	Sears	5½	**Mines**	
G.K.N.	28	Spillers	4½	Charter Cons.	16
Hawker Sidd	26	Tesco	7	Cons. Gold	20
House of Fraser	18	Thorn	35	Rio T. Zinc	27
		Trust Houses	17		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Saturday August 4 1979

MAN OF THE WEEK

Nigeria's hardline general

BY MARK WEBSTER

EVERY morning before starting work, Gen. Olusegun Obasanjo, the Nigerian head of state, plays an aggressive game of squash against a member of his staff. He nearly always wins. His aggressive streak is well known to anyone who has caught the brunt of his anger. But just as important in his personality are the military virtues which he displays of self-control and decisiveness.

It is a great tribute to the man that he has steered Nigeria back towards civilian rule keeping rigidly to the programme which was set to give the country a civilian government on October 1. However, his recent actions have not borne the hallmark of a government which is to step down from power in two months' time. If anything, Nigeria's actions in the past few weeks have shown that the final days in power will do much to set the stage for any future government's policies.

Olusegun Obasanjo: Quietly keen to win

The impression is that with time running out, the military government is determined to achieve as much as it can before handing over power. That determination could be a key factor in the timing of this week's nationalisation of BP's interests in Nigeria.

A non-smoker and teetotaller, he began his education at Baptist schools in his home state of Ogun. Like President Jimmy Carter he is a devout and practising Baptist.

Rapid

He joined the army as a private, but within a year he was sent to Mons officer cadet school in Britain and received his commission in 1959. His military career progressed steadily, and when he completed the young officers training course at Shrivenham he received a citation as the "best Commonwealth student ever."

He began to rise rapidly through the ranks during the Nigerian civil war between 1967-70. He stated that war a colonel and commanded a division during the capture of the Uli airstrip, which ultimately led to the collapse of the secession in Eastern Nigeria.

He first took government office under Gen. Yakubu Gowon as Commissioner for Works. After the bloodless coup which overthrew Gen. Gowon he became armed forces chief of staff under Gen. Murtala Muhammed. He reluctantly assumed the post of Head of State when Muhammed was assassinated in 1976. Since then he has strictly kept to the programme for a return to civilian rule adopted by Gen. Muhammed.

What is perhaps surprising is that despite Gen. Obasanjo's intimate association with Britain throughout his training, relations between the two countries have reached an all time low since he came to power. He has never made an official visit to Britain and no British Prime Minister has ever made an official visit to Nigeria, although Mr. James Callaghan came to Kano for talks with President Kenneth Kaunda of Zambia.

Shy

The reason for the souring of relations between the two countries has been the Nigerian view of Britain's policy towards Southern Africa, especially the question of Zimbabwe-Rhodesia. The Nigerian Government has earned the reputation of being arrogant and of throwing its weight around in the African world. It is certainly an unusual role in which to find the publicly shy Gen. Obasanjo. Apparently, as he travels around the country now on his farewell tour he is thinking of nothing more inviting than his retirement to his farm in his home state of Ogun. At 42, he feels he has had enough of power.

Guns ban not justified, Britain tells U.S.

BY PHILIP RAWSTORNE

THE GOVERNMENT has protested to the U.S. State Department about the ban imposed on the sale of guns to the Royal Ulster Constabulary.

British Embassy officials in Washington have told the U.S. Administration that there is "no justification" for suspending the supply of pistols ordered by the RUC.

The State Department decided to halt the sales and carry out a policy review after the Congressional Foreign Relations Committee had expressed concern and announced that it would hold an inquiry.

Mr. Humphrey Atkins, Northern Ireland Secretary, emphasised that the ban would not leave the RUC short of weapons to protect itself and the province against terrorism.

But Mr. Atkins and his officials are concerned about the influence exerted on the U.S. Government by the Irish lobby in Washington.

The ad hoc Congressional Committee on Irish Affairs, led by Congressman Mario Biaggi, has been one of the powerful groups pressing for the freeze on arms sales, alleging that political detainees in Ulster were being mistreated.

With Congress going into summer recess, the ban seems unlikely to be lifted before autumn.

Apart from the delay in equipping the RUC with the new weapons, Government officials are concerned about the propaganda that the Provisional IRA may extract from the U.S. decision.

Killing

In London yesterday, the Rev. Ian Paisley protested to Dr. Kingman Brewster, the U.S. Ambassador. He pointed out that the IRA was killing members of the RUC with American-made weapons largely purchased with American money.

The issue had provoked "anger and outrage" in Ulster, Mr. Paisley said.

Dr. Brewster emphasised that the State Department's action did not constitute a permanent ban.

Mr. Paisley also visited the Foreign Office to urge a strong British protest about the U.S. Government's reaction to pressure from Irish-American elements in Congress.

Mr. Alan Wright, Chairman of the Northern Ireland police Federation, said his members regarded the U.S. action as "tacit support for terrorism."

Mr. John Taylor, an official Unionist European MP, said it was "outrageous" that the U.S. Government should fail to support an ally. The RUC was the legally constituted police force of a part of the UK.

The mainly Roman Catholic Social Democratic and Labour Party said: "As Britain has been convicted in the European Court of violating human rights then, under American law, its suitability as a recipient of arms should be scrutinised, and rightly so."

David Buchan writes: It would be difficult for President Carter to resume arms sales during an election year, in which he will need to conciliate heavyweights in the Democratic Party machine, such as Mr. Tip O'Neill, Speaker of the House of Representatives, and potential rivals such as Senator Kennedy.

Congressional pressure, Page 2

Chrysler appeals for pay freeze

By John Wyles in New York

MR. LEE IACOCCA, President of Chrysler Corporation appealed to the United Auto Workers yesterday for a two-year freeze on wage and benefit costs. This dramatic and unprecedented move emphasises the company's precarious position.

Chrysler, the third biggest U.S. car maker, this week declared a record $207.1m second-quarter loss. It disclosed that it is asking for $1bn of federal aid over the next two years, and gave a warning that its future was in jeopardy.

Mr. Iacocca made a unique appearance before Chrysler's 13-man rank-and-file bargaining committee and Mr. Douglas Fraser, the union's president.

Negotiations on a three-year contract for 124,000 Chrysler workers in the U.S. and Canada started 17 days ago in parallel with bargaining at General Motors and Ford.

After a brief discussion, Mr. Fraser emerged and implied the appeal would be rejected on the ground that a standstill allied to inflation would reduce his members' purchasing power by 25 per cent over two years. However, the union was "conscious of its responsibilities" and a full meeting of representatives from all Chrysler plants would be held next week.

In recent years the union has accorded special status only to American Motors, the smallest and until recently the weakest U.S. car company, by accepting shorter and less lucrative contracts.

Its response to the Chrysler crisis might be crucial in determining the outcome of the company's bid for Government money. Some Congressmen would undoubtedly want to see big sacrifices from union members before voting for aid.

The union has acknowledged Chrysler's weakness by ruling out a strike at the company if the September 14 expiry of its current contract arrives without agreement. Two weeks ago, Mr. Fraser, a former Chrysler employee, called on the Federal Government to take a $1bn equity stake in Chrysler.

Between the end of 1976 and the end of last year, Chrysler's hourly employment costs rose by a quarter, from $11.28 an hour to $14.11 and its total payrolls by a fifth, from $2.41bn to $2.89bn. The union is seeking a three-year agreement worth more than 30 per cent from the three companies.

THE LEX COLUMN

The cash piles up on Wall Street

In terms of business transacted it has been another depressingly thin week for the broking community, but for investors it has not been entirely discouraging. Equities at least managed not to fall any further: gilt-edged, having survived the trauma of seeing sterling fall 6¼ cents in a day, have shown useful underlying firmness.

Wall Street

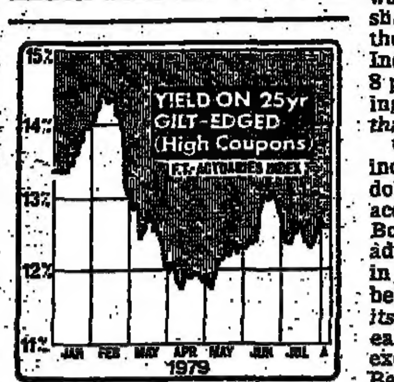
As news of falling factory orders and construction spending add to the indications that the U.S. has now entered a recession, Wall Street sages are already looking beyond the valley. They have history on their side. In the last four business cycles, share prices have bottomed out somewhere between four months and a year after the economy reached a peak and started to turn downwards. A similar pattern exists back to well before the war, and only after the great crash of 1929 did share prices continue to sag for an extended period after an economic peak.

Fund managers are betting that the same thing is going to happen once again. Precise estimates of their liquid reserves are hard to come by, but there is no doubt that their cash holdings are very large by past standards. High short term interest rates are one explanation, of course, and another is the general idea that there are going to be better bargains available for canny buyers in a few months' time.

Figures produced by the Federal Reserve Board show that the life insurance companies were net sellers of equities in the first quarter of this year, to the tune of about $100m. Corporate pension funds put only around 10 per cent of their new money into equities, a very far cry from the boom days of 1972 and 1973 when they actually put more than 100 per cent of their cash inflow into shares.

But the one thing that is certain about the stock market is that if all the fund managers expect it to do one thing, it will do something else. The pension funds currently have about $22bn a year to invest, and if they all turned bullish at the same time, the market just could not accommodate them. There is another snag. Business cycles can only be identified with any accuracy after they have happened. At present, there is no consensus in the U.S. about where the economy has actually got to, let alone about where it is going.

Index rose 1.8 to 457.5



So the most intriguing thing about Wall Street is the fact that share prices are really quite strong, despite all the bad news on the economic and political front and the continuing hesitancy of the mega-buck investors. Although the Dow Jones Industrial Average tells an uncertain story, the more broadly based Standard and Poors Industrial Index has been on a gently rising course for some months now, and is close to its high point for the year.

BTR/Bestobell

BTR's new cash offer for Bestobell—increased by a mere 10 per cent from its sighting shot, to 220p a share—is not the sort of thing to bring fund managers scurrying back from the South of France. It values Bestobell at less than 7½ times prospective earnings (taking a 35 per cent tax charge) and offers a negligible premium to what Bestobell's net worth should be by the end of this year. It does not look like an attempted clean knock-out; what it does resemble is what BTR claims that it is—the maximum that it is prepared to pay for the business.

Much more interesting, given the tax implications of accepting a cash offer, is the basic offer of BTR shares (equivalent to up to 9 per cent of BTR's issued capital) rather than the unattractive convertible incorporated in the original bid. BTR clearly hopes that smaller institutional shareholders in Bestobell will take the chance of switching into BTR. It is, after all, a chance for them to get into what remains a share with a very desirable record without chasing the price in the secondary market.

BTR is also playing on Bestobell shareholders' fears of how far their company's share price, even after the forecast of a 30 per cent increase in profits this year, might fall if the bid lapsed. Since the bid was made—with Bestobell's shares at their then high for the year, 170p—the All-Share Index has dropped by more than 8 per cent and most manufacturing sectors by rather more than that.

Of course, the 10 per cent increase in the value of the bid does not make it any more acceptable to the Bestobell Board, which is still adamantly advising rejection. Next week in reply to BTR's taunts, Bestobell is after all going to publish its half-year figures, a month early. So there is still plenty of excitement to come; yesterday Bestobell shares moved up 4 into line with the cash offer.

Redman/Wellman

Shareholders in Wellman Engineering need to do some serious thinking fairly quickly. By the end of next week they will have had to decide whether to accept Redman Heenan's £7.3m bid for their shares or stick with their company and support its ambitious leap into the United States—a move which could transform the group's profitability but might end in disaster.

Wellman, which has an uninspiring profits record and seems to have run out of growth here in Britain, has been shopping around for a U.S. acquisition for some time. It has finally decided to buy the Industrial Heating Business Department of the General Electric Company for something over £5m. The company lost $0.9m last year and has a pretty erratic profit record. But Wellman reckons that IHBD will make £0.4m (after financing costs) between now and next March and believes it is ideally placed to exploit the market for coal gasification equipment—all very fashionable given the current energy crisis.

However, Redman Heenan questions seriously the future profitability of IHBD and points out that it will lead to a massive jump in the group's gearing. It believes that shareholders will be better off accepting its 60p cash per share bid.

On the basis of last year's depressed profits this represents an exit price earnings ratio of 14.8 on a fully taxed basis. But assuming Wellman makes £2 this year (including the U.S. contribution) the current p/e falls to 7.5, and the dividend could be increased by a quarter without too much trouble, giving a yield of 7.3 per cent. However, the risks would go up, too.

Government disposes of its stake in Drake and Scull

By Michael Cassell

THE GOVERNMENT has sold, for a profit of over £160,000, its 13 per cent holding in Drake and Scull, the mechanical and electrical engineering group which nearly collapsed in 1976.

In a rescue operation mounted in August 1976, the Labour Government paid £598,000 for a stake in the group and was itself planning to dispose of the interest before this year's general election.

Institutions

Ministers originally intervened at a time when the group was attempting to sell its civil engineering subsidiary Holland, Hannen and Cubitts to Tarmac for £5.3m. The sale was jeopardised by the weak financial position of the parent company. The deal went ahead but subsequent litigation between the two companies ended only this year.

Yesterday, Mr. Michael Heseltine, Secretary for the Environment, announced that his Department's holding in Drake and Scull had been sold to institutional investors for £765,652.

At the time of the company's annual meeting in March, when its shares stood at 48p (yesterday they closed up 1p at 36p) Mr. Michael Abbott, chairman of Drake and Scull, said the Environment Department stood to realise a 70 per cent profit on its investment.

The Department said yesterday that the disposal of the Government's holding—arranged via the placing by brokers Joseph Sebag of 2.39m ordinary shares which had been converted from "E" preference shares—had been fully agreed with the company.

Continuing Government involvement in the affairs of Drake and Scull, it added, was "neither necessary nor desirable" and the decision was in line with present policy on the disposal of state interests in private undertakings.

The deal, which means that institutional investors now hold more than half of the company's equity, paves the way for the anticipated capital reconstruction programme, aimed at removing the £6.4m deficit on reserves.

Dividends

It is now expected that the reconstruction, which should be implemented by the end of October, will be sufficient to remove any balance-sheet deficiency, without the need for a rights issue. It will also enable Drake and Scull to continue paying dividends, which would not be permitted—under the proposed Companies Act—by a company showing reserve deficits.

Mr. Abbott yesterday described the sharesale as a "significant and final milestone in the recovery programme of the group, which he said would have foundered but for Government intervention.

In 1974-75, the group—which then included the Holland, Hannen subsidiary—recorded a trading loss of £4.3m, the bulk of which was attributable to road contracts. In 1977-78, pre-tax profits rose from £1.83m to £2.53m. A higher figure is expected for the current year.

Whitby potash project dropped

BY KENNETH MARSTON, MINING EDITOR

CONSOLIDATED Gold Fields has dropped its £75m plan to mine potash at Whitby, North Yorkshire.

"Reappraisal of the Whitby Potash proposals has shown that this project no longer meets the company's financial requirements for new mining investments," Gold Fields says.

Another factor influencing the decision has been the opposition from environmentalists to mining in the North York Moors National Park.

Matters have not been helped by the continuing delay in obtaining a planning decision after the public inquiry in February last year.

Gold Fields adds that it has taken into account the impact on the local community if the Whitby project had to be abandoned after it was under way.

Unlike an underground mine, the Whitby operation would have employed only about 200 men, albeit in an area of high unemployment.

The company would have used the solution method: hot water would have been pumped 3,000 feet down to the potash and salt deposit, where a brine would have been formed. That would have been forced to the surface and piped to a refinery.

The company had hoped to produce 450,000 tonnes of potash and 500,000 tonnes of salt a year from reserves sufficient for more than 20 years.

Gold Fields bought the deposit from Shell in 1977. The total cost of the project to disposal, including the purchase price, is less than £2m.

Meanwhile, a decision is to be taken this month on the fate of the nearby Cleveland Potash mine of Imperial Chemical Industries and Charter Consolidated.

Some £120m has been invested in that loss-making project, begun in the late 1960s. It is a conventional deep mine and employs 1,350 people.

Although Cleveland's future remains in the balance, hope that it may be kept going arises from a wage and productivity agreement recently concluded with the unions.

Customs work-to-rule starts

BY PHILIP BASSETT, LABOUR STAFF

CUSTOMS officers throughout Britain began working to rule yesterday in protest at staff cuts, though most air and sea ports reported few serious delays to passengers or other traffic.

But union officials claimed that the start of the two-week action was successful. They said some incoming passengers at London's Heathrow airport were delayed by 1-1½ hours.

Both the unions involved and some air and sea port authorities thought the effects of the action could be more marked over the weekend as more passengers returned from holiday.

Heathrow, Gatwick and Manchester airports all reported that they had had a relatively quiet day and that the impact of the work-to-rule by 8,000 Customs officers—members of the Society of Civil and Public Servants and the Civil and Public Services Association—had not been too serious.

Sealink and Townsend Thoresen also reported very little disruption to their Dover services.

British Airways, though, gave a warning that airline resources were already strained to the limit by exceptionally heavy traffic, and said that overcrowding last weekend well before the action started had led to "chaos" at Heathrow.

Mr. Roy Watts, British Airways' chief executive, said in a telegram to Mr. D. A. Lovelock, chairman of the board of Customs and Excise that delays stemming from the work-to-rule might cause "ugly scenes and public disorder" at Heathrow which might endanger the safety of both the public and of Customs staff.

Mr. Watts said British Airways was "deeply concerned" at the coincidence of the work to rule with Heathrow's holiday peak.

A Customs and Excise spokesman said there had been no special delays, and that there was no real reason why the position should deteriorate.

The Society of Civil and Public Servants though, said that some passengers had abandoned duty-free drink and cigarettes which were in excess of the official allowance rather than join the long queues for the "goods to declare" channels at Heathrow's terminal three.

Miss Judy McKnight, the society's assistant secretary, said that seizures of contraband at the airport doubled yesterday and were expected to increase at the weekend, which showed what could be achieved with higher staffing.

The unions' action is designed to highlight staff shortages and to persuade ministers not to cut staff still further.

Continued from Page 1

Loan demand

Mr. Stuart Graham, chief general manager at Midland, says the bank now has very little room for manoeuvre within the corset. "It is beginning to have constraints on us."

He says the eventual result will simply be that Midland, like Lloyds will have to turn down opportunities for making large term loans to companies.

The banks say, however, that the large companies likely to be affected by this cut-back have access to other sources of funds.

The senior bank executives have differing views about interest rates, though nobody expects a reduction in base rates from the present 14 per cent for some months.

Mr. Davis at Lloyds expects rates to remain stable until the autumn and thinks the next move may be downwards. "The authorities would be reluctant to see rates go higher."

Mr. Graham at Midland considers that rates will remain unchanged for some time, but suspects the next move could be upwards rather than downwards.

He thinks that the 2 per cent budget rise in Minimum Lending Rate may not yet have worked its way fully into the system.

At NatWest, Mr. Benson admits that the direction of the next move in rates is very finely balanced. He expects no change, however, until the end of the year—and considers that will be downwards.

Barclays Bank refused to comment on current bank lending or the outlook for interest rates. Last week, however, the bank's financial review predicted that a further rise in interest rates is likely. It also voiced doubts as to whether consumer loan demand would ease this year.

Continued from Page 1

Sterling

on Wednesday morning and a high of $2.3355 last week.

Any official intervention was on a very small scale. This is in contrast to last month when, as Thursday's official reserves figures showed, the Bank of England had to intervene on a large scale merely in order to take some of the heat out of the market to allow normal commercial business to be done.

The dollar has been slightly firmer this week against the main Continental currencies so that its trade-weighted index, as calculated by the Bank of England, has risen by 0.8 per cent since Monday.

In contrast, there has been heavy selling of gold as profits have been taken after the sharp rise of the last few months. The price per ounce on the London bullion market fell $1½ yesterday for a decline of $18½ this week to $287¾.

Weather

UK TODAY

DRY with sunny periods. Showers in some northern and eastern parts.

London, S.E. Midlands, Cent. S. England, N.W. England, Cent. N. England

Sunny periods. Cloudy at times. Max. 22C (72F).

E. England, N.E. England, Borders, Edinburgh and Dundee, Cent. Highlands

Isolated showers. Sunny intervals. Max. 20C (68F).

S.W. England, Wales and Channel Isles

Dry. Sunny periods. Max. 20C (68F).

Rest of Scotland and Ulster

Isolated showers. Bright intervals. Max. 18C (64F).

Outlook: Mostly dry and very warm with sunny periods.

WORLDWIDE

		midday Y'day °C	°F			Y'day midday °C	°F
Ajaccio	S	28	82	L. Angls.	S	23	74
Algiers	S	33	91	Lisbon	F	25	77
Amsdm.	C	20	68	Locarno	F	26	79
Athens	S	36	97	London	R	17	63
Barclna.	S	28	82	Luxmbg.	F	19	66
Beirut	S	29	84	Luxor	S	39	102
Belfast	C	14	57	Madrid	S	31	88
Belgrd.	C	33	91	Majorca	S	30	86
Berlin	F	23	73	Malaga	S	36	97
Biarritz	C	21	70	Malta	S	32	90
Bmghm.	C	18	64	M'chstr	R	14	57
Blackpl.	C	15	59	Melbne.	C	13	55
Bordx.	C	21	70	Milan	F	29	84
Boulgn.	C	17	63	Mntreal.	S	22	72
Bristol	C	17	63	Moscow	F	28	82
Brussels	F	21	70	Munich	C	22	72
Budpst.	S	33	91	Nairobi	C	20	68
B. Aires	C	15	59	Naples	S	30	86
Cairo	S	35	95	Nwcstl.	C	13	55
Cardiff	C	17	63	N. York	S	27	81
Cas'b'ca	C	24	75	Nice	F	27	81
Cape T.	C	18	64	Oporto	F	22	72
Chicago	S	25	77	Oslo	C	17	63
Cologne	F	19	66	Paris	F	23	73
Cpnhgn.	F	20	68	Perth	S	15	59
Corfu	S	35	95	Prague	F	24	75
Dublin	C	16	61	Reykjvk.	C	10	50
Dbrvnk	S	30	86	Rhodes	S	29	84
Ednbgh.	C	17	63	Rio J'o	S	27	80
Faro	S	29	84	Rome	S	31	88
Florence	S	32	90	Salzbrg.	C	25	77
Frankft.	R	21	70	Singapr.	S	29	85
Funchal	S	24	75	Stckhm.	C	17	63
Geneva	C	24	75	Strasbg.	R	20	68
Gibrltr.	C	29	84	Sydney	S	16	61
Glasgow	C	15	59	Tangier	F	25	77
Guernsey	C	17	63	Tehran	S	29	84
Helsinki	F	17	63	Tenerife	F	20	68
H. Kong	S	27	80	Tokyo	C	30	86
Innsbrk.	F	24	75	Toronto	S	25	78
Invrnss.	C	15	59	Tunis	S	35	95
I. o Man	F	15	59	Valencia	S	30	86
Istanbul	S	28	82	Venice	S	19	66
Jersey	C	17	63	Vienna	F	27	81
Jo'burg	S	19	66	Warsaw	C	23	73
L. Plms.	F	25	77	Zurich	C	22	72

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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